

KANSAS PUBLIC WATER SUPPLY LOAN FUND

ANNUAL REPORT

for

FISCAL YEAR 2005

Kansas Department of Health and Environment
Division of Environment
Bureau of Water

as required by K.S.A. 65-163k

November 1, 2005



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I. Introduction

This is the Kansas Public Water Supply Loan Fund (KPWSLF, Loan Fund, or Fund) Annual Report for state fiscal year 2005 (July 1, 2004 through June 30, 2005). This is the eighth year of operation for the Fund.

The Fund is a revolving loan fund program that provides financial assistance in the form of loans to Kansas municipalities, at below market interest rates, for the construction of public water supply system infrastructure. The Annual Report is required by KSA 65-163k to describe how the state met the goals and objectives for the previous year as identified in the Intended Use Plan (IUP) required by KSA 65-163h. The federal Safe Drinking Water Act (SDWA) also requires a report, although on a biennial basis. Additional Environmental Protection Agency (EPA) requirements for the contents of this report are contained at 40 CFR Part 35, Subpart L.

Information in this report will be presented in seven sections. Section II provides a general description of the Fund. Section III describes progress in meeting the short term and long-term goals for the Fund, as established in the Intended Use Plan. Section IV describes loan activity during the fiscal year. Set-Aside activity is described in Section V. The Fund's financial status is described in Section VI, and the Fund's compliance with federal operating requirements is discussed in Section VII.

II. Program Description

The Loan Fund is made possible by receipt of capitalization grants from the EPA. States are required to provide 20% matching funds to receive the capitalization grant. The matching funds from Kansas are provided by issuing state match revenue bonds. The state match bonds are repaid with the interest portion of the municipalities' loan repayments and other interest earnings of the Fund.

As of the date of this report, the state has received capitalization grant allotments totaling \$93,878,500. Kansas was awarded \$9,522,100 from the FFY 2004 Grant during the program year and the 2005 Grant was allotted at \$9,501,900. Figure 1 shows the historical capitalization grants as well as the 2005 allotment.

EPA Grant History Plus State Match

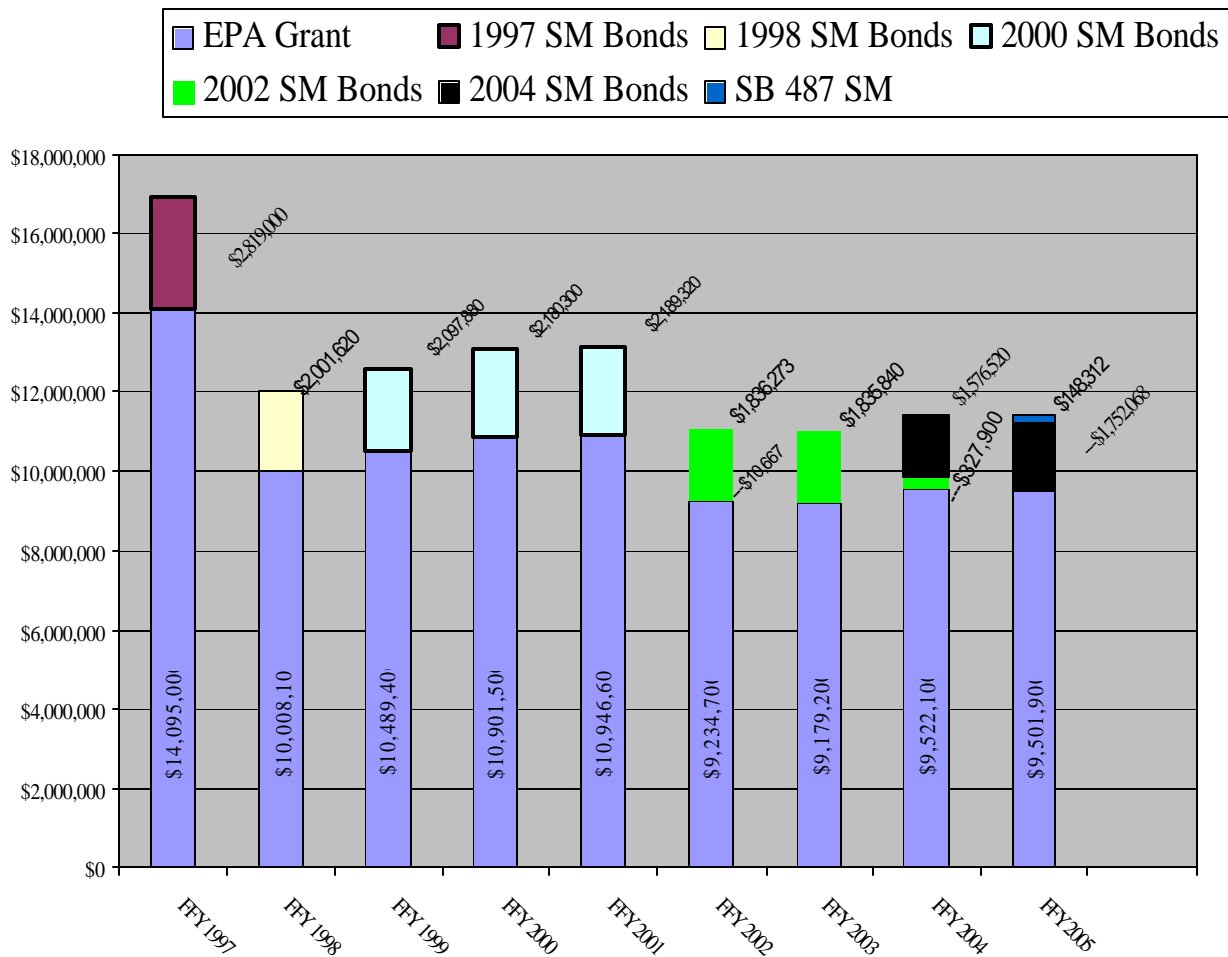


Figure 1

The Loan Fund is operated as a reserve account leverage program. In a reserve account leverage program, the EPA capitalization grant is not loaned directly to municipalities. Instead, the grant is deposited into a reserve account, and pledged as security for repayment of state issued revenue bonds. Proceeds from the revenue bonds are loaned to the municipalities. The reserve fund is invested, and the interest earnings are combined with the loan repayments from municipalities to buy down the loans interest rate. Municipalities are charged interest rates equal to 80% of the previous three months average of the Bond Buyers 20 Bond Index. Interest rates during FY05 ranged from 3.53% to 3.99%. The Loan Fund has the ability to leverage at a ratio of four to one, meaning four dollars can be borrowed for every dollar placed into reserve. Although the Fund is not leveraged at this high of ratio, the total leveraging ability is assumed when calculating available funds for each Intended Use Plan.

The pool of potential borrowers from the Loan Fund includes two distinct types of municipalities, cities and rural water districts. Rural water districts lack the general taxing powers of cities, and are

perceived in credit markets as a greater financial risk. The Loan Fund provides equal access to both types of borrowers, but requires different pledges of security to receive a loan.

Cities are required to pledge their taxing authority as a backstop to water system revenues in order to receive a loan. As an alternative to pledging their taxing authority, cities may pledge system revenues only and purchase a bond insurance policy. Rural water districts are required to either purchase an insurance policy or choose one of two debt service coverage (dsc) ratio options. The first option is to maintain a 125% dsc with a 10% reserve account. The other alternative is to maintain a 140% dsc with no reserve account. The required reserve amount may be included in the loan, and is held by the Loan Fund. Interest earnings from the reserve account are credited to the borrower, resulting in a reduced interest rate for the amount of the required reserve, if included in the loan. All rural water districts, and some cities, are required to enter into a Financial Integrity Assurance Contract (FIAC) with the Kansas Rural Water Finance Authority (KRWFA) as a condition of receiving a loan. The FIAC requires the loan recipient to submit annual budget and quarterly financial and operating data management reports to KRWFA for review. The intent of the FIAC is to make professional financial and management assistance available to the recipient, to assure debt obligations are satisfied and to identify problems in daily operations so they can be corrected before they lead to financial problems.

The KRWFA also reviews financial information from all loan applicants to assess the ability of the applicant to take on additional debt and meet loan repayment obligations. These financial reviews, and the FIAC arrangement, provide strong assurances to the financial markets that the Loan Fund will operate on a sound financial basis.

Funding to implement and administer the Loan Fund is available through a set-aside from the federal capitalization grant, and from a service fee built into the loan interest rate. No state general funding is needed for this program.

III. Goals and Objectives

The state must prepare an Intended Use Plan (IUP) on an annual basis. The IUP lists projects anticipated to be funded, the criteria used to determine which projects receive funding, and short term and long term goals for the program. This section of the annual report discusses the progress that has been made in meeting those short and long term goals.

A. Short Term Goals and Objectives

1. Fill Existing program vacancies.

Two engineering vacancies were filled during fiscal year 2005.

2. Commit 100% of available funding during the program year.

All of the existing bond proceeds were committed by June 30, 2005.

3. Initiate a quarterly communication with outstanding Project Priority List municipalities to better understand individual circumstances that delay participation in the program.

Quarterly phone calls were made to these communities which gave the program a better understanding of the individual time lines. Reasons for not submitting an application were generally due to lack of financial resources for loan repayments and the desire to find grant funding first.

4. Coordinate and seek input from other agencies, consultants, water systems, and the public, on administration of the KPWSLF.

KDHE continues to maintain a web site with program information as suggested by water systems and consultants.

5. Assure Kansas receives 100% of its capitalization grant allocation, and is eligible for any re-allotments of funds unused by other states.

Kansas was awarded 100% of all grant funding through FY04, and 100% of the FFY05 grant is expected to be awarded in FY 2006. No re-allotment funds were available. KDHE has complied with all EPA requirements that pertain to allotments and therefore has not been subject to a reduced capitalization grant.

6. Provide loans to assist applicants in complying with drinking water standards, improving drinking water quality in the state, and improving Kansas public water supply infrastructure.

During fiscal year 2005, loans were provided to 14 municipalities. Exhibit 5a lists the projects funded by these loans. All 14 loans satisfy one or more of these objectives. More detailed information concerning the projects is provided in Section IV.

7. Assure small public water supply systems are included in the loan program by providing at least 15% of available loan funds to systems serving less than 10,000 persons (Federal requirement) and 20% of loan funds to municipalities with a population less than 5,000 (State requirement).

Systems that serve less than 10,000 have received 92 of the 127 loans made since the program began, amounting to \$115,300,299.55, or 40% of the total dollar amount of loans. Systems in this category received \$9,042,193.00, or 30% of the total funds committed during the fiscal year.

Municipalities with less than 5,000 population have received 88 of the 127 loans since the program began, amounting to \$103,174,811.88, or 35% of the total dollar amount of loans. Municipalities in this category received \$9,042,193.00, or 30% of

the total funds committed during the fiscal year. Small systems are designated on Exhibit 5a.

8. Assist communities' projects which qualify for Community Development Block Grants for the Kansas Department of Commerce by reserving a portion of the recycled loan account to provide loans to serve as match.

Ness City received a loan for \$1,150,000.00 from this special reserve. KPWSLF money would not be available for this project without this specially earmarked recycled money.

9. Assure Kansas municipalities are aware of the KPWSLF and the potential for financial savings through participation.

Each municipality eligible to participate in the program as well as Kansas consulting firms have received information through direct mailings.

10. Encourage high priority projects to proceed with funding.

The highest ranking projects equal to the money available were given the first opportunity to apply. Communities were encouraged to apply in the quarterly contacts mentioned under item 3. Of the 14 projects funded in the 2005 program year, 7 came from the top 50% of the rankings from the 2005 IUP.

B. Long Term Goals and Objectives

1. Promote regional public water supply projects in accordance with the state water plan regionalization strategy.

Although no regionalization strategies have been developed in the state water plan, the project ranking system used by KDHE awards points to those projects that are regional in nature.

2. Assist in meeting the current drinking water funding needs in the state of Kansas, and remain viable and perpetual to assist in meeting the long term funding needs.

The ability of the program to generate four dollars in assistance for every dollar placed in reserve maximizes the amount of loan assistance which can be provided. KDHE has also adopted strong security requirements to assure loans will be repaid, which will assist the Loan Fund in remaining viable and perpetual. The Kansas Rural Water Finance Authority is under contract to conduct a financial review of all loan applicants. In addition, all loan recipients without general taxing authority, and some recipients with taxing authority, are required to enter into a Financial Integrity Assurance Contract to provide management and financial assistance during the term

of the loan.

3. Provide technical assistance to Kansas water suppliers to assure necessary projects are identified and placed on the project list.

KDHE contracts with the Kansas Rural Water Finance Authority to assist Kansas water suppliers in identifying needed projects.

4. Comply with state and federal laws and the state/EPA capitalization grant agreement.

KDHE has complied with state and federal laws and the grant agreement. Region VII of the EPA conducted an annual program review for fiscal year 2004 during February 2005, and provided a favorable report.

5. Assist water suppliers in meeting SDWA requirements.

Projects needed by municipalities to comply with SDWA primary drinking water regulations receive more priority ranking points than projects needed to meet any other ranking category. Generally, projects needed to achieve compliance will receive sufficient points to be included in the Project Priority List. Loans to the municipalities of Osage Co. RWD #3, Carbondale, and Ness City were needed to fund projects for compliance purposes.

6. Protect public health.

Projects funded for the purpose of achieving compliance with drinking water standards also serve to protect public health. In addition, many of the funded projects will improve the ability of the water system to provide sufficient quantities of water at suitable pressure, and otherwise increase the systems reliability to protect public health. Projects for Ransom, Almena, Hillsboro, Potwin, Crawford Co. RWD #7, Phillipsburg, Topeka, Minneapolis, Kansas City BPU, and Holyrood fall in this category.

IV. Loan Fund Activity

Fourteen new loans, eleven increase amendments and sixteen decrease amendments were closed during SFY05 for a net total of \$31,462,168.21 (this total includes a rescinded loan). These projects are listed in Exhibit 5a and shown on a Kansas map in Exhibit 5b. As of June 30, 2005, 127 loan commitments have been made since the Program's inception, for a total of \$290,457,701.61. Exhibit 8a contains summary information for these 127 loans and their location is shown on a Kansas map in Exhibit 8b. Figure 2, on the following page, shows program loans and amendments by fiscal year. Table 1, also on the following page, describes projects funded during the fiscal year.

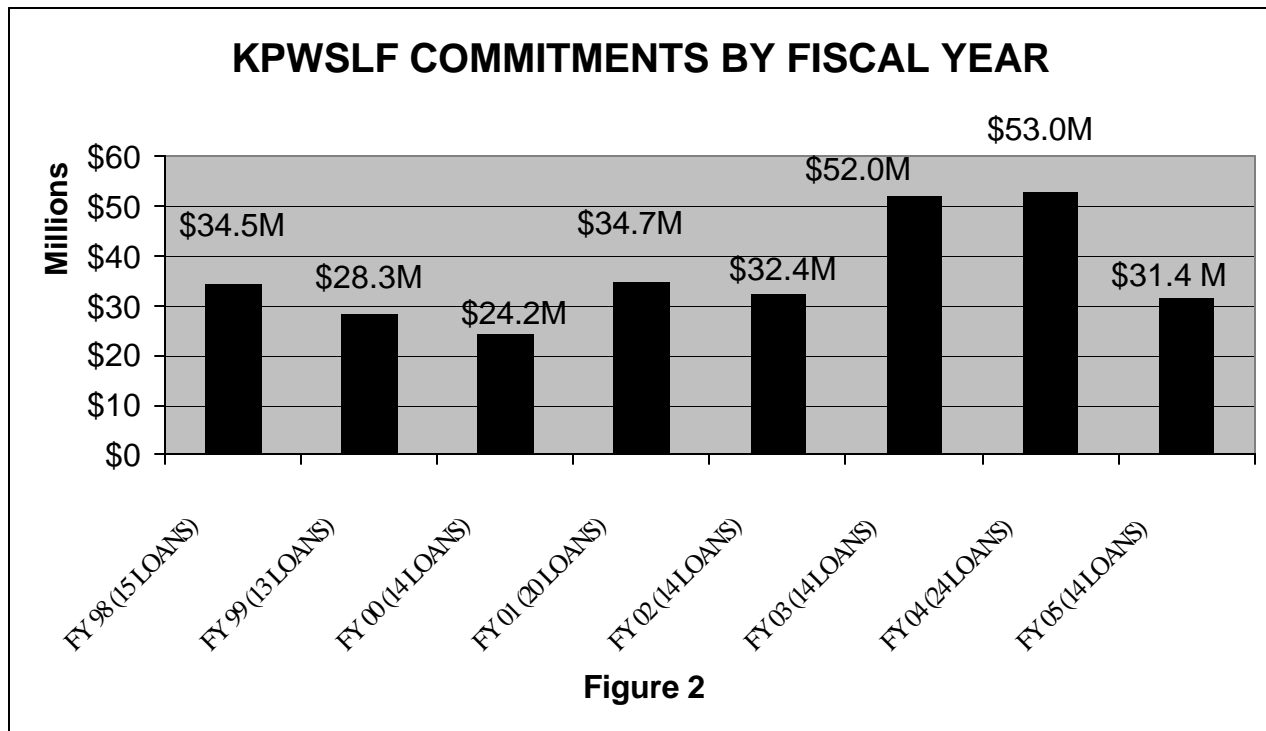


TABLE 1
New Loan Descriptions

Municipality	Population/ Population served	Loan Amount	Need for Project
Ransom	326 / 326	\$695,204	Rehabilitate water supply wells, build new chlorination building and replace distribution lines to increase pressure and water quality.
Almena	466 / 466	\$615,500	Construction of new wells, standpipe, and waterline to reduce nitrate levels and increase chlorine residuals.
Osage Co. RWD #3	900 / 900	\$500,000	Make treatment plant improvements to comply with the Disinfectants and Disinfection Byproducts Rule.
Carbondale	1,468 / 1,468	\$1,449,000	Make treatment plant improvements to comply with the Disinfectants and Disinfection Byproducts Rule.
Hillsboro	2,833/ 2,833	\$155,500	Make distribution system improvements to reduce breaks, and increase flow and pressure.
Potwin	443 / 1,085	\$145,000	Make distribution system improvements to reduce breaks, and increase flow and pressure.

Municipality	Population/ Population served	Loan Amount	Need for Project
Crawford Co. RWD #7	497 / 497	\$120,000	Make distribution system improvements to reduce breaks, increase flow, pressure, and circulation.
Ness City	1,530 / 1,530	\$1,150,000	Add new wells and blending system to comply with arsenic regulations.
Phillipsburg	1,900 / 5,282	\$1,115,125	Construct raw water lines to replace deteriorated lines and increase reliability
Topeka	122,103 / 150,845	\$9,440,167	Replace deteriorating pipe in distribution system to reduce breaks and maintenance
Minneapolis	2,087 / 2,087	\$2,922,739	Construct water treatment plant to reduce iron and manganese
Kansas City BPU	164,462 / 184,579	\$9,000,000	Expansion of WTP to decommission older treatment plant that does not comply with regulations
Holyrood	453 / 453	\$294,125	Replace deteriorating pipe in distribution system to reduce breaks and maintenance
Topeka	122,103 / 150,845	\$2,055,933	Replace deteriorating pipe in distribution system to reduce breaks and maintenance

The following table lists projects that were removed from the 2005 Project Priority List during the fiscal year because the municipalities found other funding or have abandoned the project.

TABLE 2
Projects Declining Loan Consideration

PWWSO # 12 2349	Atlanta 2360	Jennings 2393	Kanorado 2384	Douglas Co. RWD #4 2402
Coffeyville 2377	Moran 2386	Mc Pherson RWD #6 2387	Leavenworth Water Department 2369	Cherokee Co. RWD #4 2368
Oswego 2363				

Federal grants are drawn from EPA as a percentage of costs incurred. For cash draws into the reserve account that percentage (draw ratio) is calculated using the all projects method formula as found in the *Guide to using EPA's Automated Clearing House for the Drinking Water State Revolving Fund Program*. This formula is essentially the Federal Capitalization Grant amounts (as awarded) that are to be deposited in the reserve fund divided by the net bond proceeds of the program. When the 2004 grant was awarded the draw ratio was 41.43% and later when the Fund issued more bonds the draw ratio became 26.96%. Instead of withdrawing cash from the ACH each week when construction payments are made, the KPWSLF has chosen to initiate withdrawals when significant amounts of construction payments have accumulated.

The following table lists the dates and amounts of construction payments and how they related to cash draws from federal grants that were made during the program year.

TABLE 3
Grant Draw Activity

Date Range	Construction Costs Paid During Date Range	Construction Costs Plus Excess From Previous Date Range, if any	Draw Ratio	Federal Amount Withdrawn	Construction Costs Needed to Cover Drawn Amount	Year of Federal Grant Withdrawn From	Date of Grant Withdraw	Excess Construction Costs to be Associated with Next Grant Draw
6/29/04 - 7/28/04	3,607,932.90	3,949,152.21	36.00%	1,132,070.00	3,144,638.89	2003	7/28/04	804,513.32
		804,513.32	36.00%	200.00	555.56	2003	8/11/04	803,957.76
7/29/04 - 9/8/04	6,276,998.61	7,080,956.37	41.43%	2,933,640.22	7,080,956.36	2004	4/13/05	0.01
9/9/04 - 9/28/04	5,788,494.25	5,788,494.26	41.43%	2,398,173.17	5,788,494.26	2004	4/13/05	0.01
9/29/04 - 10/25/04	7,621,647.29	7,621,647.30	26.99%	2,057,082.60	7,621,647.28	2004	4/13/05	0.02
10/26/04 - 12/20/04	7,024,135.02	7,024,135.04	26.96%	1,752,320.01	6,499,703.30	2004	4/13/05	524,431.74

V. Set-Aside Activities

The SDWA includes several provisions allowing states to reserve a portion of the capitalization grant for specific purposes. KDHE reserved a total of \$6,962,534 for set-asides from the FFY1997 – FFY 2004 Capitalization Grants equaling \$84,376,600. Figure 3 shows the amount of set-asides reserved and disbursed. Exhibit 10 contains detailed information about the amount of set-asides reserved and drawn to cover expenses. Exhibit 6 shows a quarterly summary of when these set-asides were first recorded as an expense as well as when money was drawn from the capitalization grants.

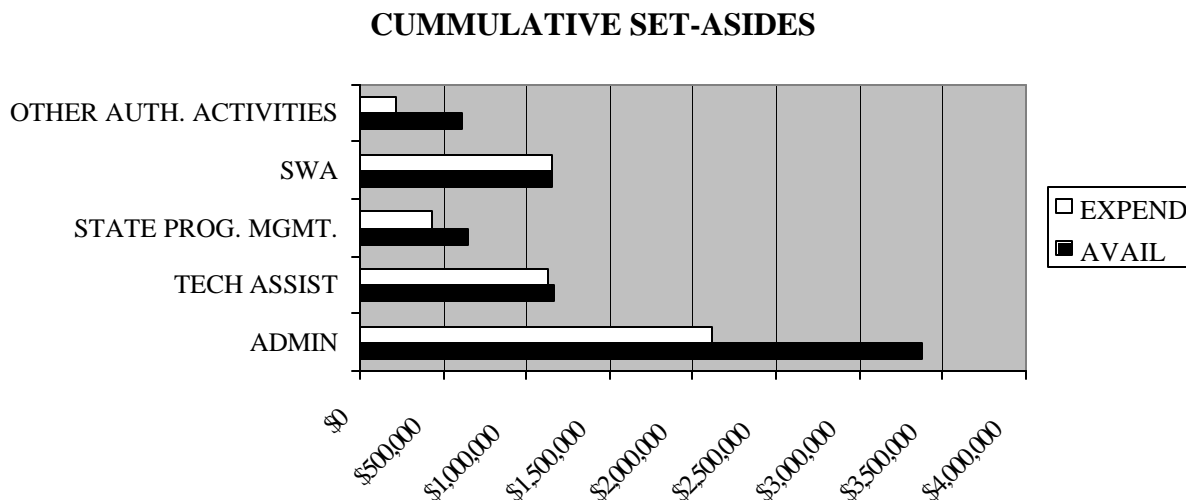


Figure 3

The following paragraphs discuss the set-asides taken by KDHE and work performed.

- A. Program Administration. The SDWA allows the state to reserve 4% of each capitalization grant to administer the loan program. KDHE has reserved \$3,375,064 from all Capitalization grants through June 30, 2005. At the end of state fiscal year 2005, \$2,128,559 of recorded expenses were made to this set-aside, including \$378,011 during the fiscal year, leaving \$1,246,505 to continue with future program administration. Of the recorded expenses, only \$2,115,450 had been reimbursed by draws from the ACH at the end of the fiscal year. Funds are used for financial reviews for loan applicants, construction inspections, project review, processing the needs survey and loan applications.
- B. Technical Assistance to Small Systems. The SDWA allows the state to reserve 2% of each capitalization grant to provide technical assistance to systems serving populations less than 10,000. KDHE has reserved \$1,167,789 from all Capitalization Grants through June 30, 2005. KDHE contracted with the Kansas Rural Water Association to provide assistance with resolving compliance issues, management issues, operation and maintenance problems, and improving performance of surface water treatment plants with funding from this set-aside. The contract provides for reimbursement of actual costs, with a ceiling of \$200,000 annually. Other costs covered by this set aside came from a contract with the Kansas Water Office to help support technical assistance to small systems in water conservation efforts. During fiscal year 2005, recorded expenses totaled \$227,343. Total expenses through the end of fiscal year 2005 were \$1,167,789 leaving a zero balance for future contracts. Of the recorded expenses, only \$1,127,163 had been reimbursed by draws from the ACH at the end of the fiscal year.
- C. Source Water Assessment. The SDWA allowed states to reserve 10% of the FFY97 Capitalization Grant to develop and implement a program to conduct source water assessments for all public water suppliers. Kansas contracted with Burns & McDonnell to perform the assessments. Kansas reserved \$1,154,500 for this purpose. FFY97 is the only year funding was available under this set-aside. During FY05, \$21,000 of recorded expenses was made to this set-aside. Total expenditures through the end of fiscal year 2005 were \$1,154,500 and all reimbursements from the ACH have been made exhausting the funds of this set aside.
- D. State Program Management. Another provision of the SDWA allows states to reserve up to 10% of the capitalization grant to supplement the public water supply supervision grant provided by EPA to the state to implement the national drinking water program. This set-aside can also be used to fund several new programs required by the SDWA, including operator certification and capacity development. States must match any funds from this set-aside on a dollar for dollar basis, with at least half of the match coming from state funds in excess of the state funds provided to the program in FY93. Kansas has reserved \$650,181 from all Capitalization Grants through June 30, 2005. At the end of state fiscal

year 2005, \$434,858 of recorded expenses was made to this set-aside including \$141,865 during the fiscal year, leaving a balance of \$215,323. Of the recorded expenses, \$435,181 had been reimbursed by draws from the ACH at the end of the fiscal year. Money from this Set-Aside has funded salary and costs for the Capacity Development Program Coordinator.

- E. Other Authorized Activity.** The SDWA allows states to reserve up to 15% of the capitalization grant to fund other authorized activities including awarding loans for source water protection purposes, providing assistance as part of a capacity development strategy, and establishment and implementation of well head protection programs. Kansas has reserved \$615,000 from all Capitalization Grants through June 30, 2005 for this set aside. At the end of state fiscal year 2005, \$211,801 of recorded expenses was made including \$91,801 for the fiscal year, leaving a balance of \$403,199. Of the recorded expenses, \$213,050 had been reimbursed by draws from the ACH at the end of the fiscal year. Activities funded under this set aside are mainly for capacity development assistance and include development of a water system board member training manual, water rate seminars, system rate reviews, and asset management training. This set aside also funds a new Regional PWS Planning Grant Program which provides matching funds for regional water system feasibility studies. The following table shows the projects that were funded by this new program.

Table 4
Regional PWS Planning Grant Projects

Project Sponsors	Systems Benefiting	Status
Hillsboro-Marion Water Cooperative	Hillsboro, Marion, Peabody, Marion Water Improvement Dist. #2	Study Complete – will not construct joint system
Elk River PWWSD #24 (Elk City, Howard, Longton, Severy, & Moline)	Elk City, Howard, Longton, Moline, Severy, EK Co RWD #1, MG Co RWDs #9 & #13, proposed EK Co RWD #2	Study Complete – PWWSD #24 is pursuing consolidation with PWWSD #20 as the best solution. Project dependent upon agreement by #20 and USDA/RD funding. Construction of this project will result in decommission of 5 small surface water treatment plants that are currently out of compliance.
Pomona Lake Water Cooperative	DG Co RWDs #2, #3, & #5, OS Co RWDs #2 & #8, SN Co RWD #8 and Overbrook	Study Complete – Most feasible option is to pursue development of 2 wholesale water systems: DG 2&5, OS 2&5 and Overbrook will pursue KS R. east of Lawrence and DG 3 and SN 8 will pursue KS R between Topeka & Lawrence.

In FY 2005 an ACH draw correction was made with EPA that moved \$120,000 from the PWS Program Management set aside to the Other Authorized Activity set aside.

VI. Fund Financial Status

A. Available Funds

Kansas was awarded the 2004 Capitalization Grant in September of 2004. Figure 4 shows the new sources available for the fiscal year from the 2004 Capitalization Grant, Recycled Account, and the Leveraged and State Match money provided with bond proceeds. The amount in the Recycled Account represents a de-allocation from the Reserve Account.

Figure 4
FY 2005 New Sources

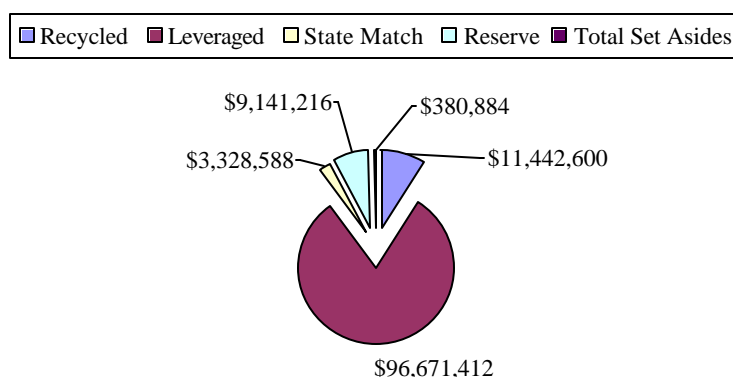
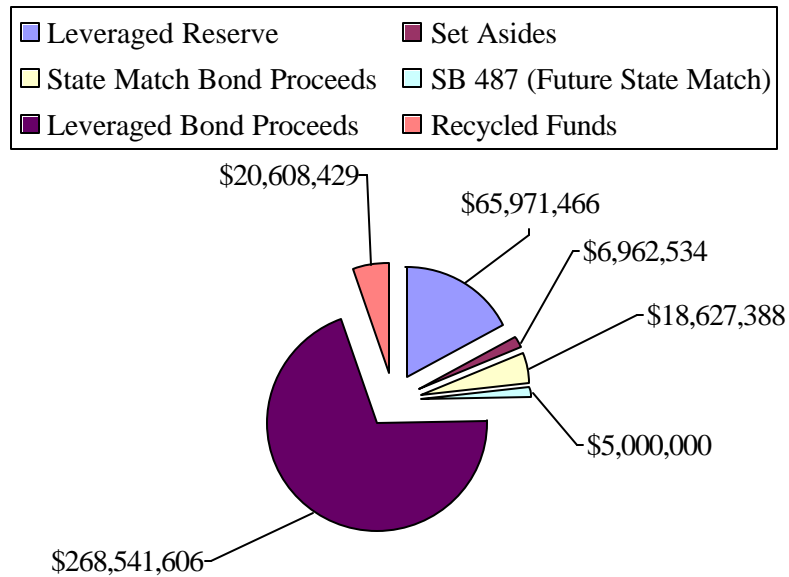


Figure 5 (next page) shows the sources of funding available cumulatively through FY05. The EPA Capitalization Grant is distributed between set-asides and the reserve account. The state match funding represents bonds proceeds that are directly loaned. State Match bond proceeds have been used since program inception to meet the 20% match requirement for obtaining the Capitalization Grant. SB 487 passed by the 1997 legislature, deposited \$5 million in redeemed stock from Kansas Venture Capital, Inc. into the Fund. This deposit will be used as state match for future capitalization grants. The leveraged funding represents bond proceeds that are leveraged from the reserve account. The recycled funds represent excess revenues over debt service and excess reserve funds that are no longer needed as security for outstanding leveraged bonds. The recycled fund can be used to fund projects through recycled loans or transferred to the leveraged reserve account for additional leverage capability.

Exhibit 6 shows the amount of select disbursements and recorded expenses by quarter for loan payments and administration compared to ACH draws of federal capitalization grant funds. The differences between the two totals reflect the time between the expenses being recorded and draws made.

Figure 5
Cummulative Sources



B. Assets, Liabilities, and Net Assets

As illustrated by the Kansas Public Water Supply Loan Fund Statement of Net Assets (Exhibit 1), the program accumulated assets of \$370,239,076 in its first eight years of operation including cash and investments of \$172,482,275, project loans receivable of \$188,923,635, and other assets of \$8,833,166. Liabilities of \$276,156,723 were incurred including bonds payable of \$276,568,739, arbitrage rebate of \$1,656,393, deferred amounts on refunding of -\$9,029,043, and other liabilities of \$6,960,634; leaving net assets of \$94,082,353.

The 2004 statement of Net Assets has been restated to record the loan reserve earnings as restricted cash rather than being included in the loan reserve accounts. This adjustment did not change the total assets amount.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Currently the fund has no net assets invested in capital assets. Net assets are reported as restricted when there are external limitations imposed on their use. All assets of the program have been determined to be restricted assets in accordance with the conditions of the Public Water Supply EPA Capitalization grants and bond covenants. Restricted net assets includes EPA capitalization grants restricted for the 1) bond reserve fund, 2) program administration

expenses, 3) technical assistance, 4) state program management, 5) other authorized activity, and 6) source water assessment. The amounts of capitalization grant restricted for program administration, technical assistance, state program management, other authorized activity, and source water assessment are being recognized as revenue when earned. Also included in restricted net assets is an account titled "Contributed Capital – State of Kansas". The account consists of moneys contributed to the Fund per K.S.A. 74-8203, as amended and supplemented.

C. Revenues and Expenses

According to the Statement of Revenues, Expenses and Changes in Fund Net Assets (Exhibit 2), the changes in net assets of \$13,315,472 shows the KPWSLF experienced an excess of revenues over expenses in FY 05. Revenues consist of \$23,814,981 in operating and non-operating revenues. Operating revenue includes interest earned on loans of \$6,399,295, EPA capitalization grant administration receipts of \$837,125, service fee revenue of \$594,198, and other revenue totaling \$168,115. Non-operating revenue includes interest of \$3,125,045 earned on the bond reserve funds, \$2,417,717 from other investments, and \$10,273,486 drawn down from Federal Capitalization grants and deposited into the leveraged bond reserve account. Expenses consist of \$10,499,509 in operating and non-operating expenses. Operating expenses include program administration federal expenses of \$860,020, other program administration expenses of \$211,382 paid from loan origination and service fees, and arbitrage rebate of \$-77,691. Non-operating expenses include bond interest of \$9,367,346 and other bond expenses of \$138,452.

D. Statement of Cash Flows

The Statement of Cash Flows (Exhibit 3) identifies the sources and the uses of cash during the fiscal year and demonstrates that the Fund had sufficient cash to meet its obligations.

E. Supplemental Schedules

Exhibit 4 provides detailed information regarding Investments, Accounts Receivable, and Accounts Payable included on the Statement of Net Assets (Exhibit 1).

F. Binding Commitments

As shown in Exhibit 5a, the KPWSLF entered into binding commitments (loan agreements) with 14 municipalities totaling \$29,658,293.00. Eleven of the municipalities have a population less than 5,000 and serve less than 10,000 persons. Exhibit 5a also shows twenty-seven amendments to previous commitments and one declined loan agreement for a total of - \$1,803,875.21.

G. Completed Projects

Projects in Geary Co RWD #4, Harper Co RWD #2, Hutchinson, Ingalls, Marion Co. RWD #1, North Newton, Osage Co. RWD #4, Potwin, St. George, and Strong City were completed in FY05. Details are provided in Exhibit 7.

H. Financial Integrity Assurance Contracts

The Financial Integrity Assurance Contract (FIAC) is a contract between the borrower and the Kansas Rural Water Finance Authority (KRWFA). The FIAC was developed as a program enhancement to assure borrowers without general obligation taxing authority could access the Loan Fund. Under a FIAC, the municipality is required to provide quarterly management reports, an annual budget and an audit to the KRWFA. Municipalities required to enter into an FIAC are identified in Exhibit 8a. KRWFA has monitored the quarterly reports and reviewed the annual budgets of the FIAC borrowers. Recommendations for revenue enhancement were made to Finney Co. RWD #1, Public Wholesale WSD #4, and Public Wholesale WSD #17 to correct deficiencies in the required 1.25 debt service coverage.

- I.** Quarterly loan activity, including loan disbursements and principal and interest repayments, is shown for all loans in Exhibit 9. At the end of FY05, \$211,695,409.36 had been disbursed to loan recipients (Project payments, Interest Accrued, and Fees Accrued), and \$22,771,774.40 in principal and \$18,396,555.54 in interest had been repaid.

VII. Compliance with Assurances and Grant Conditions

The EPA guidelines suggest several other areas for this annual report to address. This section of the report will address those areas not already addressed in other sections of the report.

- A.** The state must establish in the report that it has reviewed all funded projects in accordance with the approved state environmental review procedure.

Each of the fourteen projects receiving assistance during state fiscal year 2005 was reviewed in accordance with the "Environmental Review Procedure for the Kansas Public Water Supply Loan Fund" dated July 1997. All reviews resulted in preparation of a finding of no significant impact statement or a categorical exclusion. The increase amendment for Downs was due to an increase in scope therefore a new environmental review was performed. All other increase amendments were due to increased construction costs without a scope change, so an additional environmental assessments were not performed.

- B.** The state must establish that it deposited its match on or before the date on which each grant payment was made.

The State match for the FY 2004 capitalization grant was deposited in September 2004 and the first grant payment was made April 13, 2005.

- C. The state must establish that it made binding commitments to provide assistance equal to the Federal Capitalization Grant, less set-aside funds, plus the State match funds within one year after receiving the grant payment.

With binding commitments totaling \$290,457,701.61 as of June 30, 2005 and all Federal Capitalization Grants awarded through 2005, less set – aside funds, plus the State match totaling \$94,289,386, Kansas has far exceeded this requirement.

- D. The state must establish that it managed the program in a fiscally prudent manner and adopted policies and processes to promote the long-term financial health of the fund.

Exhibit 2 indicates the program generated sufficient resources to cover expenses during the fiscal year. The change in net assets as of June 30, 2005 was \$13,315,472. The Loan Fund charges a 0.25% loan origination fee to pay for the financial reviews, and all recipients required to enter into a FIAC are charged an additional 1% fee. A 0.35% service fee, which is included in the loan interest rate, will help to generate income to pay for continued administration of the program.

- E. The state must establish that it complies with EPA grant regulations (40 CFR Part 31) and specific conditions of the capitalization grant.

KDHE believes it is complying with EPA grant regulations and with the specific conditions of the capitalization grant.

- F. The state must establish that it complied with Federal cross-cutting authorities that apply to the state as a Federal grantee and those which flow through to assistance recipients.

No problems with cross-cutting authorities were encountered during the fiscal year.

- G. The state must demonstrate that it provided assistance only to eligible water systems and for eligible purposes under the EPA Guidelines.

Kansas law allows for loans to municipalities, which are defined as political or taxing subdivisions of the state. Both of these categories are eligible for assistance under the SDWA and federal regulations. All projects receiving assistance during the fiscal year are listed in Exhibit 5a and described in Section IV of the report. KDHE believes these projects are eligible for assistance from the program.

- H. The state must demonstrate that it funded only the highest priority projects listed on the IUP, according to their priority and readiness to proceed, and have documented any procedures for by-passing priority projects on the IUP.

Exhibit 11 shows the Project Priority List from the 2005 Intended Use Plan. Projects from the list were funded during the program year. There were no projects below the funding line. Projects were funded as applications were received and no project was by-passed.

EXHIBIT 1

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

STATEMENTS OF NET ASSETS

JUNE 30, 2005 AND 2004

	UNAUDITED	
	2005	2004
ASSETS		
Current assets:		
Cash	\$ 10,964,734	\$ 12,670,267
Restricted cash - rebate 1997 series	-	-
Restricted cash - rebate 1998 series	-	-
Restricted cash - arbitrage rebate 2000 series	1,100,000	-
Investment interest receivable	1,742,291	1,342,429
Loan interest receivable	2,856,758	2,225,924
Other receivables	435,353	314,826
Total current assets	17,099,136	16,553,446
Noncurrent assets:		
Restricted cash - arbitrage rebate 2000 series	-	650,000
Restricted cash - loan reserve earnings	38,729	15,375
Investments	86,920,863	25,498,550
Loans	188,923,635	145,791,069
Loan reserve accounts	3,625,212	3,331,032
Debt service reserve fund - investments	42,140,091	44,480,002
Debt service reserve fund - cash	28,831,375	27,660,578
Bond issuance costs, net of amortization	2,660,035	2,319,440
Total noncurrent assets	353,139,940	249,746,046
Total assets	370,239,076	266,299,492
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	119,493	88,963
Bond interest payable	3,168,191	2,248,649
Revenue bonds payable, current	7,045,000	6,370,000
Total current liabilities	10,332,684	8,707,612
Current liabilities payable from restricted assets:		
Arbitrage rebate payable	1,473,975	-
Noncurrent liabilities:		
Arbitrage rebate payable	182,418	1,734,084
Loan reserve accounts payable	3,672,950	3,349,659
Revenue bonds payable, long-term, net	269,523,739	171,741,256
Deferred amounts on refunding	(9,029,043)	-
Total noncurrent liabilities	264,350,064	176,824,999
Total liabilities	276,156,723	185,532,611
NET ASSETS		
Invested in capital assets, net of related debt	-	-
Restricted net assets	94,082,353	80,766,881
Unrestricted net assets	-	-
Total net assets	\$ 94,082,353	\$ 80,766,881

EXHIBIT 2

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

YEARS ENDED JUNE 30, 2005 AND 2004

UNAUDITED

	2005	2004
Operating revenues:		
Loans	\$ 6,399,295	\$ 5,004,774
Grant revenue	837,125	1,002,491
Service fee revenue	594,198	455,904
Other revenue	<u>168,115</u>	<u>91,829</u>
Total operating revenues	<u>7,998,733</u>	<u>6,554,998</u>
Operating expenses:		
Program administration-federal	378,011	369,970
Program administration-other federal set-asides	482,009	598,926
Program administration-other	211,382	133,495
Arbitrage rebate (reduction)	<u>(77,691)</u>	<u>(205,824)</u>
Total operating expenses	<u>993,711</u>	<u>896,567</u>
Operating income	<u>7,005,022</u>	<u>5,658,431</u>
Nonoperating revenues (expenses):		
Investment Income:		
Bond reserve fund	3,125,045	2,753,855
Other investment income	2,417,717	2,271,443
Capital contributions-capitalization grants, net of recognized administrative grants	10,273,486	17,898,168
Bond issuance costs	(138,452)	(130,219)
Interest expense - bonds	<u>(9,367,346)</u>	<u>(9,098,451)</u>
Total nonoperating revenues (expenses)	<u>6,310,450</u>	<u>13,694,796</u>
Change in net assets	<u>13,315,472</u>	<u>19,353,227</u>
Total net assets, beginning of year	<u>80,766,881</u>	<u>61,413,654</u>
Total net assets, end of year	<u>\$ 94,082,353</u>	<u>\$ 80,766,881</u>

EXHIBIT 3

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2005 AND 2004

	UNAUDITED	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loan principal collected	\$ 6,892,399	\$ 6,594,209
Loans disbursed	(50,024,965)	(34,117,752)
Interest received on loans	5,768,461	4,591,772
Program administration expenses	(860,019)	(968,896)
Arbitrage rebate paid	-	(493,993)
Other revenue	112,770	46,657
Service fees received	530,907	416,565
Service fees paid	(182,744)	(120,666)
Capitalization grant for administrative costs	837,125	1,002,491
Net cash used in operating activities	(36,926,066)	(23,049,613)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Capital contribution - State of Kansas	-	-
Bond principal paid	(6,370,000)	(4,555,000)
Bond interest paid	(8,833,860)	(9,200,597)
Capitalization grant for reserve fund	10,273,486	17,898,168
Bond proceeds, including premium	187,855,844	-
Deferred defeasance	(91,671,348)	-
Bond issuance costs (paid) refunded	(479,047)	-
Net cash provided by noncapital financing activities	90,775,075	4,142,571
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	42,020,287	34,117,751
Proceeds from sales and maturities of debt service reserve funds	15,470,189	-
Purchase of investments	(116,572,878)	-
Interest received on investments and debt service reserve funds	5,142,900	5,661,449
Increase in loan reserve accounts	(294,180)	(218,629)
Increase in loan reserve payables	323,291	191,152
Net cash provided by (used in) investing activities	(53,910,391)	39,751,723
Net increase (decrease) in cash	(61,382)	20,844,681
Cash, beginning of year	40,996,220	20,151,539
Cash, end of year	\$ 40,934,838	\$ 40,996,220
Cash consists of:		
Cash	\$ 10,964,734	\$ 12,670,267
Debt service reserve fund - cash	28,831,375	27,660,578
Restricted cash - 1997 series	-	-
Restricted cash - 1998 series	-	-
Restricted cash - 2000 series	1,100,000	650,000
Restricted cash - loan reserve earnings	38,729	15,375
	\$ 40,934,838	\$ 40,996,220

**KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2005 AND 2004

UNAUDITED

	2005	2004
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,005,022	\$ 5,658,431
Adjustments to reconcile operating income to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Loans receivable	(43,132,566)	(27,523,543)
Loan interest receivable	(630,834)	(413,002)
Other receivables	(120,527)	(16,419)
Accounts payable and accrued expenses	30,530	(55,263)
Arbitrage rebate payable	(77,691)	(699,817)
Net cash used in operating activities	<u>\$ (36,926,066)</u>	<u>\$ (23,049,613)</u>

EXHIBIT 4

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND
Supplemental Schedules
June 30, 2005

Schedule of Investments

Purchase Date	Maturity Date	Provider	Amount	Interest Rate
01/15/1998	03/01/2020	Westdeutsche Landesbank	\$ 11,354,800	5.530%
12/10/1998	03/15/2021	Societe Generale	5,895,025	5.050%
07/14/2000	04/01/2023	AIG Matched Funding Corporation	13,375,036	6.971%
05/02/2002	04/01/2024	Citigroup	9,827,552	4.866%
12/22/2004	06/01/2007	Bayerische	75,478,263	2.840%
12/22/2004	03/01/2026	MBIA, Inc.	13,130,278	4.700%
Total Investments			<u>\$ 129,060,954</u>	

Schedule of Accounts Receivable

ADB Earnings	\$ 108,685	
Accrued Interest on Loans	2,856,758	
Accrued Service Fees on Loans	266,826	
ACH Takedowns in Process	16,500	
ACH Takedowns Receivable	43,191	
Transfer to Leveraged Loan for LOF Decrease	<u>151</u>	3,292,111
<i>Investment Earnings:</i>		
AIG Matched Funding Corp.	173,402	
Bayerische	760,440	
Citigroup	159,403	
MBIA	205,707	
Societe Generale	99,233	
Westdeutsche Landesbank	<u>344,106</u>	1,742,291
Total Accounts Receivable		<u>\$ 5,034,402</u>

Schedule of Accounts Payable

Payroll	\$	33,388	
Bond Interest		3,168,191	
Administrative Expenses		2,869	
Arbitrage Rebate		1,656,393	
FASA Fees		3,513	
Service Fees		24,125	
Transfer LOF Decrease to Leveraged Loan		<u>151</u>	
			4,888,630

Set-aside Payables:

Technical Assistance Fees		43,191	
State Program Management Fees		6,006	
Other Authorized Activities 1452K (1)b		<u>6,250</u>	
			55,447

Loan Reserve Accounts Payable:

Butler Co. RWD #8	81,687
Butler Co. RWD #8 - Earnings	1,078
Cloud Co. RWD #1	3,750
Cloud Co. RWD #1 - Earnings	48
Crawford Co. RWD #5	57,965
Crawford Co. RWD #5 - Earnings	765
Doniphan Co. RWD #5	4,630
Doniphan Co. RWD #5 - Earnings	61
Douglas Co. RWD #5	115,809
Douglas Co. RWD #5 - Earnings	1,528
Finney Co. RWD #1	251,122
Finney Co. RWD #1 - Earnings	3,313
Geary Co. RWD #4	38,397
Geary Co. RWD #4 - Earnings	874
Harper Co. RWD #2	54,906
Harper Co. RWD #2 - Earnings	968
Harvey Co. RWD #1	53,968
Harvey Co. RWD #1 - Earnings	712
Jackson Co. RWD #1	217,044
Jackson Co. RWD #1 - Earnings	2,863
Jewell Co. RWD #1	3,475
Jewell Co. RWD #1 - Earnings	18
Johnson Co. RWD #6	123,944
Johnson Co. RWD #6 - Earnings	1,635
Johnson Co. RWD #7	157,859
Johnson Co. RWD #7 - Earnings	2,082
Johnson Co. RWD #7.2	63,564
Johnson Co. RWD #7.2 - Earnings	1,642
Leavenworth Co. RWD #1	296,436
Leavenworth Co. RWD #1 - Earnings	3,910
Leavenworth Co. RWD #7	165,296
Leavenworth Co. RWD #7 - Earnings	2,180

Schedule of Accounts Payable (continued)

Marion Co. RWD #1	32,951	
Marion Co. RWD #1 - Earnings	574	
Marion Co. RWD #4	184,478	
Marion Co. RWD #4 - Earnings	2,434	
Marshall Co. RWD #3	57,547	
Marshall Co. RWD #3 - Earnings	759	
Marshall Co. RWD #3.2	36,405	
Marshall Co. RWD #3.2 - Earnings	117	
Miami Co. RWD #2	551,505	
Miami Co. RWD #2 - Earnings	7,275	
Osage Co. RWD #3	50,000	
Osage Co. RWD #3 - Earnings	238	
Osage Co. RWD #4	25,000	
Osage Co. RWD #4 - Earnings	336	
Pottawatomie Co. RWD #3	47,922	
Pottawatomie Co. RWD #3 - Earnings	633	
Public Water Wholesale District #4	112,415	
Public Water Wholesale District #4 - Earnings	1,483	
Public Water Wholesale District #4.2	53,071	
Public Water Wholesale District #4.2 - Earnings	700	
Public Wholesale Water Supply Dist. #17	333,446	
Public Wholesale Water Supply Dist. #17 - Earnings	4,399	
Shawnee Co. Consol. RWD #1	358,552	
Shawnee Co. Consol. RWD #1 - Earnings	4,396	
Shawnee Co. RWD #3	91,577	
Shawnee Co. RWD #3 - Earnings	<u>1,208</u>	
		3,672,950
Total Accounts Payable		<u><u>\$ 8,617,027</u></u>

EXHIBIT 5

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND

EXHIBIT 5a

NEW PROJECTS RECEIVING KPWSLF FINANCIAL ASSISTANCE – FY 05

PROJECT NAME	PROJECT NUMBER	ASSIST AMOUNT	BINDING COMMIT DATE	INT RATE	DATE LOAN MATURES	BINDING COMMITMENTS - FY 05 BY QUARTER			
COMMUNITIES SERVED						QTR 1	QTR 2	QTR 3	QTR 4
Ransom ^{1,2}	2397	695,204.00	09/01/04	3.90%	02/01/26	695,204.00			
Almena ^{1,2}	2392	615,500.00	09/02/04	3.90%	02/01/26	615,500.00			
Osage Co. RWD #3 ^{1,2}	2382	500,000.00	09/02/04	3.90%	08/01/25	500,000.00			
Carbondale ^{1,2}	2413	1,449,000.00	10/01/04	3.77%	08/01/25		1,449,000.00		
Hillsboro ^{1,2}	2408	155,500.00	10/05/04	3.77%	02/01/26		155,500.00		
Potwin ^{1,2}	2396	145,000.00	10/11/04	3.77%	02/01/26		145,000.00		
Crawford Co RWD #7	2358	120,000.00	10/15/04	3.77%	02/01/25		120,000.00		
Ness City ^{1,2}	2416	1,150,000.00	11/18/04	3.66%	02/01/26		1,150,000.00		
Phillipsburg ^{1,2}	2415	1,115,125.00	11/29/04	3.66%	08/01/26		1,115,125.00		
Topeka	2371	9,440,167.00	11/30/04	3.66%	08/01/25		9,440,167.00		
Minneapolis ^{1,2}	2390	2,922,739.00	12/15/04	3.62%	08/01/26		2,922,739.00		
Kansas City BPU	2379	9,000,000.00	01/07/05	3.60%	02/01/26			9,000,000.00	
Holyrood ^{1,2}	2068	294,125.00	02/03/05	3.58%	02/01/26			294,125.00	
Topeka	2372	2,055,933.00	05/31/05	3.58%	08/01/25				2,055,933.00
AMENDMENTS									
Herington	2357	\$240,699.97	07/14/04	3.68%	08/01/25	\$240,699.97			
Shawnee Co. RWD #1C	2236	\$750,000.00	07/14/04	4.45%	08/01/22	\$750,000.00			
Leavenworth Waterworks Board	2326	(\$3,027,557.98)	07/28/04	3.89%	08/01/24	(\$3,027,557.98)			
Fort Scott	2277	\$2,052,400.00	08/02/04	3.80%	08/01/25	\$2,052,400.00			
Carbondale	2186	(\$918,629.39)	08/18/04	4.77%	02/01/22	(\$918,629.39)			
Douglas Co. RWD #5	2249	(\$398,534.29)	08/31/04	4.37%	08/01/22	(\$398,534.29)			
Kansas City BPU	2379	\$3,500,000.00	09/30/04	3.60%	08/01/24	\$3,500,000.00			
Goessel	2059	(\$9,097.74)	10/14/04	4.25%	02/01/23		(\$9,097.74)		
Johnson Co RWD #7	2333	(\$333,372.09)	10/14/04	3.60%	02/01/25		(\$333,372.09)		
Long Island	2256	(\$3,179.35)	10/18/04	4.15%	02/01/23		(\$3,179.35)		
Downs	2388	\$224,437.50	10/20/04	3.69%	08/01/25		\$224,437.50		
Marshall Co RWD #3	2336	\$100,000.00	11/03/04	3.60%	08/01/25		\$100,000.00		
Chanute	2364	\$307,000.00	11/14/04	3.62%	08/01/25		\$307,000.00		
St. Gerge	2308	\$300,000.00	11/30/04	3.59%	02/01/25		\$300,000.00		
Geary Co. RWD #4	2319	(\$339,159.64)	12/17/04	3.59%	02/01/25		(\$339,159.64)		
Cimarron	2024	(\$11,078.85)	12/21/04	4.04%	08/01/20		(\$11,078.85)		
Medicine Lodge	2197	(\$62,467.17)	01/10/05	3.69%	02/01/23			(\$62,467.17)	
North Newton	2328	(\$109,080.50)	01/10/05	3.78%	08/01/24			(\$109,080.50)	
Harper Co RWD #2	2351	\$37,514.00	01/11/05	3.80%	02/01/25			\$37,514.00	
Iola	2281	\$1,000,000.00	01/12/05	4.01%	02/01/25			\$1,000,000.00	
Ellsworth	2255	(\$158,561.85)	02/01/05	4.37%	08/01/23			(\$158,561.85)	
Pottawatomie Co. RWD #3	2302	(\$85,206.90)	02/01/05	4.01%	02/01/24			(\$85,206.90)	
Baldwin City	2321	(\$305,513.79)	02/24/05	3.89%	08/01/24			(\$305,513.79)	
Garden City	2316	(\$385,866.54)	03/04/05	4.15%	08/01/24			(\$385,866.54)	
Valley Center	2174	(\$265,326.51)	03/07/05	4.09%	08/01/19			(\$265,326.51)	
Winfield	2233	\$565,000.00	04/25/05	3.78%	08/01/25				\$565,000.00
Coffeyville	2250	(\$60,543.67)	05/05/05	4.52%	08/01/23				(\$60,543.67)
Marion ³	2331	(\$800,000.00)							(\$800,000.00)
TOTAL BINDING COMMITMENTS		\$31,462,168.21				\$4,009,082.31	\$16,733,080.83	\$8,959,615.74	\$1,760,389.33
CUMULATIVE BINDING COMMITMENTS						263,004,615.71	279,737,696.54	288,697,312.28	290,457,701.61

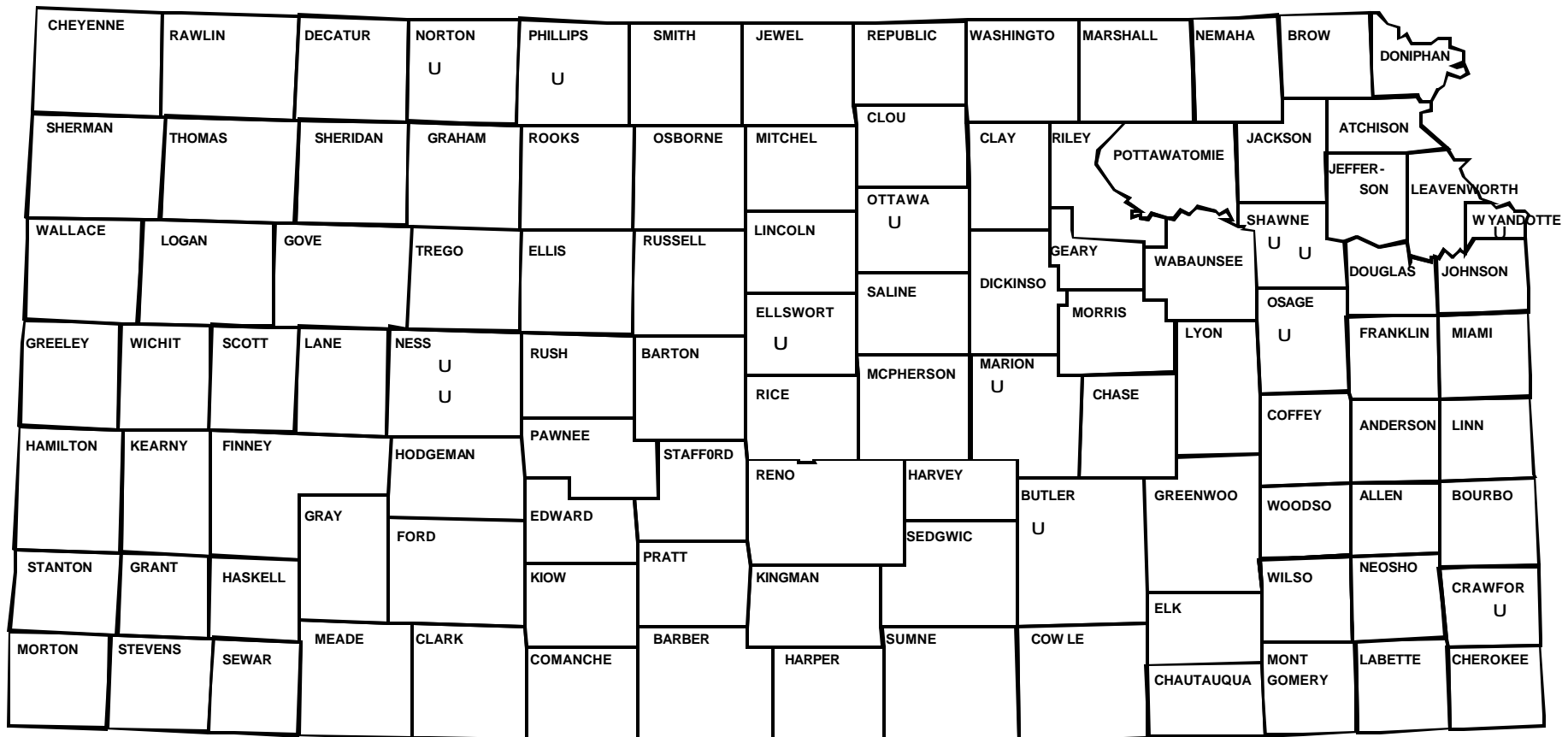
¹ Indicates municipalities with a population less than 5000

² Indicates systems that serve less than 10,000

³ Marion had executed a loan agreement effective 7/31/03, but declined the loan on April 18, 2005, no loan money was used

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND
NEW PROJECTS RECEIVING KPWSLF FINANCIAL ASSISTANCE – FY 05

EXHIBIT 5b



KPWSLF
Projects Funded in FY 2005
14 Projects-\$29,658,293.00

EXHIBIT 6

STATE OF KANSAS

EXHIBIT6

PUBLIC WATER SUPPLY LOAN FUND

Page 1

SCHEDULE OF DEPOSITS, ACH DRAWS, DISBURSEMENTS AND RECORDED EXPESES

For the Year Ended June 30, 2005

DESCRIPTION	FY 1998-2004	1ST Q -FY05	2ND Q -FY05	3RD Q -FY05	4TH Q -FY05	TOTAL
ACH DEPOSITS CUMULATIVE , BEGINNING	0	74,854,500	84,376,600	84,376,600	84,376,600	0
FEDERAL CAPITALIZATION GRANTS DEPOSITED IN ACH						
LEVERAGED RESERVE FUND	68,272,850	9,141,216				77,414,066
ADMINISTRATION	2,994,180	380,884				3,375,064
TECHNICAL ASSISTANCE	1,167,789					1,167,789
STATE MANAGEMENT PROGRAM	650,181					650,181
OTHER AUTHORIZED ACTIVITIES 1452K	615,000					615,000
SOURCE WATER ASSESSMENT	1,154,500					1,154,500
ACH DEPOSITS CUMULATIVE, ENDING	74,854,500	84,376,600	84,376,600	84,376,600	84,376,600	84,376,600
STATE MATCH IN RESERVE DEPOSITED	5,000,000					5,000,000
STATE MATCH BOND PROCEEDS DEPOSITED	14,970,900	3,656,488				18,627,388
LEVERAGED BOND PROCEEDS DEPOSITED	171,870,194	96,671,412				268,541,606
RECYCLED FUNDS DEPOSITED (EXCLUDING DE-ALLOCATIONS) (a)	9,648,929			(\$483,100)		9,165,829
TOTAL DEPOSITS	276,344,523					385,711,423
ACH DRAWS						
LEVERAGED RESERVE FUND	67,140,580	1,132,270			9,141,216	77,414,066
ADMINISTRATION	1,755,950	87,500	86,000	85,000	101,000	2,115,450
TECHNICAL ASSISTANCE	895,163	46,000	19,000	105,000	62,000	1,127,163
STATE PROGRAM MANAGEMENT	418,950	(99,074)	27,500	47,805	40,000	435,181 (b)
OTHER AUTHORIZED ACTIVITIES 1452K	0	128,000	68,250	1,300	15,500	213,050 (b)
SOURCE WATER ASSESSMENT	1,135,805	4,000		14,695		1,154,500
TOTAL ACH DRAWS	71,346,448	1,298,696	200,750	253,800	9,359,716	82,459,410

STATE OF KANSAS

EXHIBIT6

PUBLIC WATER SUPPLY LOAN FUND

Page 2

SCHEDULE OF DEPOSITS, ACH DRAWS, DISBURSEMENTS AND RECORDED EXPENSES

For the Year Ended June 30, 2005

DESCRIPTION	FY 1998-2004	1ST Q -FY05	2ND Q -FY05	3RD Q -FY05	4TH Q -FY05	TOTAL
SELECT DISBURSEMENTS						
LEVERAGED LOAN ACCOUNT	146,699,544	15,638,030	12,078,310	8,967,234	9,680,225	193,063,343
GENERAL RECYCLED LOAN ACCOUNT	0				4,830	4,830
LEVERAGED RESERVE FUND DEPOSITS	67,140,580	1,132,270			9,141,216	77,414,066
RECORDED EXPENSES						
STATE MATCH	14,970,900		3,656,488			18,627,388
ADMINISTRATION - FEDERAL	1,750,548	77,822	100,818	84,895	114,476	2,128,559
TECHNICAL ASSISTANCE	940,446		18,750	105,230	103,363	1,167,789
STATE PROGRAM MANAGEMENT	292,993	22,502	29,419	47,831	42,113	434,858
OTHER AUTHORIZED ACTIVITIES 1452K	120,000	75,500		2,016	14,285	211,801
SOURCE WATER ASSESSMENT	1,133,500	10,608	13,881	(3,489)		1,154,500
TOTAL SELECT DISBURSEMENTS AND RECORDED EXPENSES	233,048,511	16,956,732	15,897,666	9,203,717	19,100,508	294,207,134
% OF ACH DRAW TO RESERVE DEPOSITS AND RECORDED EXPENSES	82.63%					81.53%

(a) Deposits from de-allocation originate from Capitalization Grants originally deposited into the Reserve Fund. By excluding those amounts, duplicate counting of funds deposited in the ACH is avoided in the Total Deposits row.

(b) Correction was made with EPA in FY05 to move two takedowns totaling \$120,000 to 2001 Other Authorized Activities 1452K and return \$60,000 to 1997 and \$60,000 to 2001 State Management Program. Cash and expenditures were corrected in STARS in FY04.

EXHIBIT 7

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND
COMPLETED PROJECTS - FY 2005

EXHIBIT 7

COMMUNITIES SERVED	PROJECT NUMBER	ASSISTANCE AMOUNT	BINDING COMMIT DATE	CONSTRUCT START DATE	INITIATE OPERATION DATE	(a) INTEREST RATE ON LOAN	DATE LOAN MATURES
Geary County RWD #4	2319	\$383,965.36	07/31/03	03/29/04	08/20/04	3.59%	08/01/25
Harper County RWD #2	2351	\$549,064.00	01/07/04	04/13/04	12/07/04	3.80%	08/01/25
Hutchinson	2280	\$2,508,271.00	06/11/02	10/11/03	03/08/05	3.83%	08/01/24
Ingalls	2356	\$203,347.00	09/30/03	03/30/04	07/21/04	3.78%	02/01/25
Marion County RWD #1	2332	\$400,000.00	07/15/03	03/22/04	02/04/05	3.59%	08/01/25
Northern Newton	2328	\$590,919.50	09/03/03	03/15/04	07/22/04	3.78%	02/01/25
Osage County RWD #4	2298	\$250,000.00	08/13/02	11/10/03	09/03/04	3.73%	02/01/26
Potwin	2396	\$145,000.00	11/11/04	01/03/05	03/25/05	3.77%	02/01/26
St. George	2308	\$500,000.00	07/25/03	02/20/04	01/21/05	3.59%	08/01/25
Strong City	2237	\$346,700.00	08/24/00	04/02/01	03/25/05	4.30%	02/01/22
TOTAL		\$5,877,266.86					

(a) Includes .35% Service Fee

EXHIBIT 8

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND
Cumulative Project Status
As of June 30, 2005

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Abilene	2001	\$1,400,000.00	\$1,400,000.00	\$0.00	Construction of a water treatment plant to remove nitrate and excess iron and manganese from the source water	6,468 / 7,700	no / yes	Dickinson	no
Alma	2002	\$481,206.39	\$481,206.39	\$0.00	Construction of approximately 1 mile of 8 inch pipe and a 200,000 gallon elevated storage tank	872 / 872	yes / yes	Wabaunsee	no
Almena	2392	\$615,500.00	\$48,580.00	\$566,920.00	Installation of approximately 2,800 linear feet of 6 inch pipe for system looping, and appurtenances	469 / 469	yes / yes	Norton	no
Assaria	2182	\$489,000.00	\$489,000.00	\$0.00	Construction of a new water supply well, 75,000 gallon elevated storage tank, approximately 5,650 linear feet of 6 inch pipe, and appurtenances	380 / 380	yes / yes	Saline	no
Baldwin City	2321	\$1,599,236.21	\$1,599,236.21	\$0.00	Construction of 2 elevated .75 MG storage tanks, 7,115 linear feet of 6, 8, and 12 inch water main, demolition of ground storage tank, and installation of telemetry for new tanks	3,503 / 9,044	yes / yes	Douglas	no
Baxter Springs	2009	\$2,900,000.00	\$2,900,000.00	\$0.00	Renovation and expansion of existing water treatment plant, adding one clarifying flocculator, one chlorine contact basin, renovating filters, chemical feed, electrical controls and a laboratory	4,351 / 4,351	yes / yes	Cherokee	no
Burlington	2231	\$4,511,250.00	\$4,199,193.90	\$312,056.10	Construction of a water treatment plant	2,765 / 5,640	yes / yes	Coffey	no
Butler County RWD #8	2018	\$816,871.25	\$816,871.25	\$0.00	Construction of a 200,000 gallon elevated storage tank and 7 miles of 6 and 10 inch water lines	928 / 928	yes / yes	Butler	yes
Carbondale 1	2186	\$1,350,459.61	\$1,350,459.61	\$0.00	Replacement of 34,040 feet of 4 and 8 inch water mains, installation of 45 fire hydrants and 139 gate valves, and a new water tower	1,526 / 4,666	yes / yes	Osage	no
Carbondale 2	2413	\$1,449,000.00	\$62,333.10	\$1,386,666.90	Construction of a new membrane filter water treatment system and replacement of the 6 inch asbestos cement finished water transmission main with 8 inch PVC	1,439 / 4,839	yes / yes	Osage	yes

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND
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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Chanute 1	2022	\$1,750,000.00	\$1,750,000.00	\$0.00	Construction of a 1 MG elevated water storage tank, approximately 2,900 linear feet of 10 and 12 inch waterlines, plant upgrades and automation	9,082/ 11,714	no/ no	Neosho	no
Chanute 2	2364	\$684,000.00	\$0.00	\$684,000.00	Replacement of a 3,400 foot section of 10 inch cast iron water line with PVC	9,217/ 11,714	no/ no	Neosho	no
Chetopa	2188	\$1,000,000.00	\$62,500.00	\$937,500.00	Water treatment plant expansion and renovation including raw water intake, solids contact unit, basin modifications, chemical feeders, filter renovation, plant piping, and controls	1,257/ 1,257	yes/ yes	Labette	no
Cimarron	2024	\$1,511,421.15	\$1,511,421.15	\$0.00	Replacement and upgrade of existing deteriorated and under-sized water lines with approximately 16,500 feet of new 6, 8 and 10 inch water lines	1,675/ 1,675	yes/ yes	Gray	no
Cloud Co. RWD #1	2327	\$300,000.00	\$37,502.93	\$262,497.07	Construction of 2 new water supply wells and chlorination building, install telemetry controls, and rehabilitate two standpipes	450/ 450	yes/ yes	Cloud	yes
Coffeyville 1	2250	\$2,443,456.33	\$2,443,456.33	\$0.00	Upgrade of present water treatment plant including construction of a rapid mix unit, two automatic sludge blowdowns, holding basin, discharge pump structures, pump, process piping, chemical feed system, and appurtenances	12,031/ 16,755	no/ no	Montgomery	no
Coffeyville 2	2026	\$418,390.61	\$418,390.61	\$0.00	Repair existing 190,000 gallon elevated water storage tank, install a recirculating pump and motor operated valve at the base of the tower, construction of 9,500 linear feet of 8 inch water line, and appurtenances	12,031/ 16,755	no/ no	Montgomery	no
Coffeyville 3	2267	\$625,500.00	\$0.00	\$625,500.00	Replace approximately 6,200 linear feet of 8 and 12 inch water lines, and related appurtenances	11,021/ 17,314	no/ no	Montgomery	no
Colwich	2204	\$3,576,878.83	\$3,576,878.83	\$0.00	Construction of water supply wells, transmission line, a distribution system, and an elevated storage tank	1,134/ 1,134	yes/ yes	Sedgwick	no

STATE OF KANSAS
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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Council Grove	2378	\$2,600,000.00	\$2,027,576.14	\$572,423.86	Construction of a clarification basin, rapid mix basin, and ozone disinfection system, installation of a raw water meter, high service pumps, and modifications to the chemical feed systems and filters, and appurtenances	2,328/ 3,418	yes / yes	Morris	no
Crawford County RWD #5	2032	\$579,651.35	\$579,651.35	\$0.00	Construction of a new water supply well and treatment plant and approximately 9,000 feet of 2, 2.25, and 4 inch water lines	1,500/ 1,658	yes / yes	Crawford	yes
Crawford County RWD #7	2358	\$120,000.00	\$0.00	\$120,000.00	Installation of approximately 10,900 linear feet of 4 inch water line, construction of a booster pump station, and a 12 foot diameter standpipe	497/ 497	yes / yes	Crawford	yes
Dodge City	2229, 2230	\$5,960,300.00	\$4,398,154.36	\$1,562,145.64	Upgrade the existing water system including the construction of a 1.5 MG elevated storage tank, approximately 700 feet of 12 inch water line, and 11,460 linear feet of 12 and 16 inch water lines.	22,023/ 22,023	no/ no	Ford	no
Doniphan County RWD #5	2234	\$46,303.60	\$46,303.60	\$0.00	Replacement of approximately 61,000 linear feet of 1 to 4 inch in diameter water lines	1,320/ 1,487	yes / yes	Doniphan	yes
Douglas County RWD #4	2,274	\$857,696.30	\$857,696.30	\$0.00	Construction of 8 miles of 8 inch water line, booster pump and metering facility	1,663/ 1,663	yes / yes	Douglas	yes
Douglas County RWD #5	2249	\$1,158,094.71	\$1,158,094.71	\$0.00	Construction of approximately 124,650 linear feet of 4, 6, 8, and 10 inch water line, booster pump station, second connection with the City of Lawrence water system, and installation of a master meter with vault	1,580/ 1,580	yes / yes	Douglas	yes
Downs	2388	\$450,000.00	\$0.00	\$450,000.00	Installation of new resin cells, brine pumps, booster pumps, sand filter, nitrate analyzer, and all related appurtenances to improve nitrate removal in the water treatment plant.	1,017/ 1,017	yes / yes	Osborne	no
Edgerton	2039	\$1,145,000.00	\$1,061,270.49	\$83,729.51	Construction of a 200,000 gallon elevated storage tank, booster pump station, and approximately 3 miles of 8 inch water line	1,424/ 1,424	yes / yes	Johnson	no
Ellsworth	2255	\$2,041,438.15	\$2,041,438.15	\$0.00	Upgrade of the existing water treatment plant including installation of draft aerator, and construction of a new solid contact basin	2,600/ 2,600	yes / yes	Ellsworth	no

STATE OF KANSAS
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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Emporia	2041	\$4,739,010.72	\$4,739,010.72	\$0.00	Modification and upgrade of present water treatment facility including a new 5 MGD water softening treatment process, chemical feed system and operation center	24,462/ 31,933	no/ no	Lyon	no
Eureka	2045	\$450,000.00	\$450,000.00	\$0.00	Construction of a 56 foot diameter solids contact basin and rapid mix with chemical feed system, repair and rehabilitation of the existing contact and rapid mix basin	2,974/ 5,441	yes/ yes	Greenwood	no
Finney County RWD #1	2047	\$2,511,216.86	\$2,511,216.86	\$0.00	Construction of approximately 14 miles of water line and a new water supply well, purchasing an existing water supply well and standpipe to serve the existing 11 mobile home parks booster pump station, and a master meter	2,200/ 2,200	yes/ yes	Finney	yes
Florence	2254	\$200,000.00	\$155,427.79	\$44,572.21	Installation of slow sand filters to eliminate turbidity failures and excessive operating costs associated with cartridge filtration units	678/ 678	yes/ yes	Marion	no
Fort Scott 1	2189	\$3,150,000.00	\$1,987,319.50	\$1,162,680.50	Construction of a 750,000 gallon elevated water storage tank, 9,900 linear feet of 12 and 16 inch water line, and appurtenances	8,400/ 13,722	no/ no	Bourbon	no
Fort Scott 2	2277	\$6,252,400.00	\$3,767,983.58	\$2,484,416.42	Installation of a ozone disinfection system, construction of two clearwells and a high service pump station, replacement of filter media, and appurtenances	8,297/ 13,722	no/ no	Bourbon	no
Garden City 1	2055, 2056, 2057	\$5,678,099.58	\$5,678,099.58	\$0.00	Construction of 1 MG and 2 MG ground storage tanks, 7,000 feet of 20 inch water transmission connecting lines, chlorination facilities, pump stations, and standby generators	26,039/ 31,451	no/ no	Finney	no
Garden City 2	2316	\$2,614,133.46	\$2,614,133.46	\$0.00	Construction of 3 water supply wells, a 5 MG water storage tank, and approximately 8,000 linear feet of 12 and 20 inch water line	26,039/ 31,451	no/ no	Finney	no
Garnett	2242	\$1,230,000.00	\$1,200,767.62	\$29,232.38	Construction of a .5 MG elevated storage tank and rehabilitation of the existing .1 MG elevated storage tank	3,224/ 5,112	yes/ yes	Anderson	no

STATE OF KANSAS
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Cumulative Project Status
As of June 30, 2005

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Geary Co. RWD #4	2319	\$383,965.36	\$383,965.36	\$0.00	Construction of a 230 gpm filtration plant, sludge reclaim tank, and upgrade of 2 well pumps	450/ 450	yes / yes	Geary	yes
Goessel	2059	\$340,902.26	\$340,902.26	\$0.00	Construction of a 100,000 gallon elevated water storage tank, connecting water line, and appurtenances	506/ 506	yes / yes	Marion	no
Goodland	2061	\$2,500,000.00	\$2,467,135.51	\$32,864.49	Construction of a .5 MG elevated storage tank, three new water supply wells, and construction and replacement of 12.5 miles of water line	4,669/ 4,669	yes / yes	Sherman	no
Harper Co. RWD #2	2351	\$549,064.00	\$549,064.00	\$0.00	Installation of approximately 256,200 linear feet of 1.5, 2, and 2.5 inch PVC pipe and appurtenances	287/ 287	yes / yes	Harper	yes
Harvey County RWD #1	2193	\$539,676.88	\$539,676.88	\$0.00	Construction of a 75,000 gallon elevated storage tank and approximately 16 miles of 2, 3, 4, 6, and 8 inch water lines to provide looping for pressure equalization and connecting unserved areas	1,650/ 3,067	yes / yes	Harvey	yes
Herington	2357	\$862,911.53	\$0.00	\$862,911.53	Construction of chemical building and feed room, modification of flash mixing basin, and plant piping, rehabilitation of contact basins, and installation of turbidity monitoring and lab testing equipment	2,517/ 3,096	yes / yes	Dickinson/ Morris	no
Hiawatha	2066	\$1,374,044.00	\$480,941.16	\$893,102.84	Construction of 2 water supply wells and water line improvements	3,578/ 4,834	yes / yes	Brown	no
Hillsboro	2408	\$155,500.00	\$19,388.75	\$136,111.25	Installation of approximately 3,700 linear feet of 8 inch PVC including valves, service connections, fire hydrants, and pavement removal and replacement	2,833/ 2,833	yes / yes	Marion	no
Holyrood	2068	\$294,125.00	\$25,235.31	\$268,889.69	Installation of approximately 2,710 linear feet of 6 inch PVC pipe, 2,041 linear feet of 4 inch PVC pipe, flushing hydrants, ventilation system, and appurtenances	453/ 453	yes / yes	Ellsworth	no
Hoyt	2139	\$814,696.74	\$808,427.53	\$6,269.21	Construction of a 200,000 gallon elevated water storage tank and approximately 13,000 linear feet of 8 inch water line, replace fire hydrants, telemetry controls, and appurtenances	533/ 533	yes / yes	Jackson	no

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PUBLIC WATER SUPPLY LOAN FUND
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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Hutchinson	2280	\$2,508,271.00	\$1,406,291.68	\$1,101,979.32	Installation of water transmission mains and booster pump station	40,787 / 40,787	no / no	Reno	no
Ingalls	2356	\$203,347.00	\$155,466.14	\$47,880.86	Testing, drilling, and connection of a new water supply well and plugging the existing well	331 / 331	yes / yes	Gray	no
Iola	2281	\$10,000,000.00	\$10,000,000.00	\$0.00	Construction of a water treatment plant	6,171 / 7,743	no / yes	Allen	no
Jackson County RWD #1	2214	\$2,170,441.17	\$2,170,441.17	\$0.00	Construction and replacement of approximately 177,500 linear feet of 4, 6, 8, and 12 inch water lines, 200,000 gallon elevated water storage tank, two new pump stations with buildings, 2nd connection with the City of Topeka, installation of new telemetry, and appurtenances	1,300 / 4,371	yes / yes	Jackson	yes
Jewell County RWD #1	2080	\$550,300.00	\$34,749.72	\$515,550.28	Construction of a well, 150,000 gallon elevated water storage tank, chlorination facility, and water transmission line	959 / 1,224	yes / yes	Jewell and Smith	yes
Johnson County Consolidated RWD #6	2081	\$1,239,437.00	\$1,239,437.00	\$0.00	Construction and replacement of approximately 41,000 feet of 1.5, 2, 4 and 6 inch water main with 8 and 12 inch lines	1,350 / 1,350	yes / yes	Johnson	yes
Johnson County RWD #7	2082, 2083	\$1,578,591.00	\$1,578,591.00	\$0.00	Construction of approximately 8.5 miles of 12 and 16 inch water main to connect unserved areas, and participation in upgrade and rehabilitation of Miami Co. RWD #2 (the source of water supply)	4,537 / 4,537	yes / yes	Johnson	yes
Johnson County RWD #7-2	2233	\$635,641.91	\$635,641.91	\$0.00	Installation of approximately 33,000 linear feet of 16 and 20 inch pipe lines and all valves, connections, and appurtenances	4,537 / 4,537	yes yes	Johnson	yes
Junction City	2084	\$780,000.00	\$744,382.19	\$35,617.81	Replacement of filter media, valves, operators, and controls, underdrains, piping, removal of existing surface wash system, installation of an air-assisted backwash system, and appurtenances	18,063 / 20,604	no / no	Geary	no
Kansas City Board of Public Utilities 1	2263	\$12,308,750.00	\$5,077,750.33	\$7,230,999.67	Construction of a 25 MGD horizontal collector well, and installation of approximately 12,500 linear feet of 42 inch prestressed concrete cylinder pipe	164,464 / 181,727	no / no	Wyandotte	no

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Kansas City Board of Public Utilities 2	2265	\$5,467,500.00	\$4,666,527.43	\$800,972.57	Construction of approximately 22,000 linear feet of 48 inch prestressed concrete cylinder pipe	164,464/ 181,727	no/ no	Wyandotte	no
Kansas City Board of Public Utilities 3	2379	\$9,000,000.00	\$0.00	\$9,000,000.00	Construction of a 18MGD basin train (expansion) for the existing treatment plant and all related appurtenances.	164,462/ 184,579	no/ no	Wyandotte	no
Lawrence 1	2285	\$7,000,000.00	\$6,169,389.11	\$830,610.89	Construction of filters, addition of transfer pumps, improvements to the chemical feed system, replacement of the existing washwater return pump, and improvements to the electrical, mechanical, instrumentation and controls at Clinton	79,979/ 124,456	no/ no	Douglas	no
Lawrence 2	2087	\$5,620,015.00	\$5,561,006.23	\$59,008.77	Construction of water treatment plant lime residuals facility	79,979/ 124,456	no/ no	Douglas	no
Leavenworth County Consolidated RWD #1	2092	\$2,964,360.53	\$2,964,360.53	\$0.00	Construction of approximately 9 miles of 10 and 12 inch water main, 500,000 gallon elevated water storage tank, booster pump station, and a master meter	2,605/ 2,605	yes/ yes	Leavenworth	yes
Leavenworth County RWD #7	2225	\$1,652,957.00	\$1,652,957.00	\$0.00	Construction of 2 new water supply wells, booster pump station, and water transmission line	2,614/ 2,614	yes/ yes	Leavenworth	yes
Leavenworth County RWD #9	2093	\$809,347.20	\$809,347.20	\$0.00	Construction of approximately 6.5 miles of 6, 8 and 10 inch water lines, 2 booster pump stations, chlorination facility, 20,000 and 60,000 gallon clearwells, upgrade of 7 existing well pumps	1,302/ 1,302	yes/ yes	Leavenworth	yes
Leavenworth Waterworks Board	2326	\$6,972,442.02	\$6,972,442.02	\$0.00	Upgrade of water treatment plant 1 and 2, and the raw water intake and pumping station	39,471/ 54,601	no/ no	Leavenworth	no
Liberal	2290	\$7,517,000.00	\$2,873,815.48	\$4,643,184.52	Construction of a well and well house with 24 inch transmission main, approximately 54,440 linear feet of 2, 6, 8, 10, 12, and 16 inch distribution line, upgrade booster pump station, and replacement of gate valves	19,562/ 19,562	no/ no	Seward	no

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Logan	2194	\$650,000.00	\$650,000.00	\$0.00	Construction of 3 new water wells with chlorination facilities, 66,000 gallon ground level storage tank, and approximately 9 miles of 6 and 10 inch water lines	568/ 568	yes / yes	Phillips	no
Long Island	2256	\$188,740.65	\$188,740.65	\$0.00	Development and construction of 2 water supply wells, chlorination facility, 20,000 gallon ground level storage tank, procurement of a standby generator, and appurtenances	165/ 165	yes / yes	Phillips	no
Lyon County RWD #1	2213	\$445,408.45	\$445,408.45	\$0.00	Construction of a 250,000 gallon elevated storage tank and approximately 800 linear feet of 8 inch connecting water main	825/ 1,317	yes / yes	Lyon	yes
Maize	2292	\$5,300,000.00	\$5,300,000.00	\$0.00	Construction of 2 water supply wells, .5MG water storage tank, and approximately 88,775 linear feet of water line	1,833/ 1,833	yes / yes	Sedgwick	no
Marion County RWD #1	2332	\$400,000.00	\$329,514.74	\$70,485.26	Construction of a 200,000 gallon water tower and associated connections	620/ 620	/ yes yes	Marion	yes
Marion County RWD #4	2105	\$1,844,780.82	\$1,844,780.82	\$0.00	Construction and replacement of approximately 67 miles of 1.5, 2, 3, 4, 6 and 8 inch water lines to connect unserved areas, construction of a 200,000 gallon elevated water storage tank, interconnection with the City of Goessel, and installation of master meter	1,398/ 2,300	yes / yes	Marion	yes
Marshall County RWD #3	2106	\$575,465.11	\$575,465.11	\$0.00	Construction of 2 new water supply wells with wellhouse, pumping facilities, chlorination facility, and approximately 7 miles of 6 inch water line	1,900/ 5,282	yes / yes	Marshall	yes
Marshall County RWD #3-2	2336	\$600,000.00	\$364,050.76	\$235,949.24	Construction of a 400,000 gallon elevated water storage tank and all related connections and appurtenances	1,900/ 5,282	yes / yes	Marshall	yes

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Marysville	2294	\$301,746.58	\$301,746.58	\$0.00	Construction of approximately 8,500 linear feet of 6 and 8 inch water line, upgrade existing pumping station, purchase emergency power generator, and miscellaneous piping, valves, hydrants, and related appurtenances	3,104/ 3,104	yes / yes	Marshall	no
McLouth	2108	\$1,009,840.09	\$1,009,840.09	\$0.00	Construction of 3.5 miles of transmission main interconnecting to Jefferson Co. RWD #13, and construction of a 250,000 gallon elevated water storage tank	849/ 849	yes / yes	Jefferson	no
Medicine Lodge	2197	\$587,532.83	\$587,532.83	\$0.00	Construction of water supply well and control structure, installation of chlorination facility and SCADA system, upgrade pump station, replacement of well pump, valves, and meters, and provide a standby generator	2,146/ 2,206	yes / yes	Barber	no
Miami County RWD #2	2109	\$5,515,053.00	\$5,515,053.00	\$0.00	Water treatment plant upgrade and rehabilitation, and construction of 3.2 miles of 30 inch water transmission main	10,500/ 15,304	no/ no	Miami	yes
Minneapolis	2390	\$2,922,739.00	\$37,806.85	\$2,884,932.15	Planning, design, and construction of a water treatment plant for removal of iron and manganese, and related distribution enhancements	2,087/ 2,087	yes / yes	Ottawa	no
Ness City	2416	\$1,150,000.00	\$4,829.95	\$1,145,170.05	New water supply wells, approximately 31,000 linear feet of 4, 6, and 8 inch transmission lines to isolate all wells from the distribution system, and SCADA system to facilitate blending at the existing storage reservoir	1,530/ 1,530	yes / yes	Ness	no
New Strawn	2222	\$1,269,789.38	\$1,269,789.38	\$0.00	Wholesale connection to the City of Burlington for water supply, construction of a 100,000 gallon elevated water storage tank, distribution line improvements, and appurtenances	445/ 445	yes / yes	Coffey	no

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Newton 1	2118	\$2,086,455.74	\$2,086,455.74	\$0.00	Water treatment plant improvements, installation of corrosion control treatment, and modifications to Mission Pump Station	18,116/ 19,798	no/ no	Harvey	no
Newton 2	2297	\$1,400,000.00	\$1,231,921.69	\$168,078.31	Construction of approximately 23,100 linear feet of 4, 8, and 12 inch water line, demolition of existing water tower, installation of valves, and fire hydrants	18,116/ 19,798	no/ no	Harvey	no
North Newton	2328	\$590,919.50	\$590,919.50	\$0.00	Installation of approximately 8,025 linear feet of 4, 6, 8, and 12 inch water lines, and all valves, connections, borings, and related appurtenances	1,548/ 1,548	yes/ yes	Harvey	no
Olathe	2366	\$20,000,000.00	\$8,415,991.55	\$11,584,008.45	Addition of a flow splitter, solids contact clarifier equipment retrofitted to an existing basin, piping, membrane filtering system and building, construction of a pump station, additional backwash recovery pumps, ground storage tank, additional lagoon capacity, and related appurtenances	96,518/ 435,573	no/ no	Johnson	no
Osage City	2127	\$2,736,500.00	\$2,587,663.99	\$148,836.01	Addition of a fourth filter, installation of turbidity monitoring equipment, construction of a mixing basin, and approximately 39,435 linear feet of 6 and 8 inch distribution line	3,043/ 5,409	yes/ yes	Osage	no
Osage County RWD #3	2382	\$500,000.00	\$500,000.00	\$0.00	Construction of a new chlorine contact basin, building and equipment	900/ 900	yes/ yes	Osage	yes
Osage County RWD #4	2298	\$250,000.00	\$250,000.00	\$0.00	Construction of a 75,000 gallon elevated water tower with controls, and 4 miles of 4 inch water line	486/ 486	yes/ yes	Osage	yes
Osawatomie	2128	\$902,250.00	\$901,480.65	\$769.35	Replace existing basins, high service pumps, modifications to the chemical feed system and other appurtenances	4,568/ 8,408	yes/ yes	Miami	no
Osborne	2129	\$276,504.76	\$276,504.76	\$0.00	Replacement and upgrade of under-sized and deteriorated water lines with approximately 2 miles of 6 and 8 inch water lines to alleviate red water, low flow and low pressure	1,812/ 1,812	yes/ yes	Osborne	no

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Overbrook	2300	\$160,000.00	\$133,211.88	\$26,788.12	Replacement of 4 miles of 6 inch water line, modification to the existing 50,000 gallon elevated storage tank, and all related appurtenances	947 / 947	yes / yes	Osage	no
Parsons 1	2136	\$9,200,000.00	\$9,200,000.00	\$0.00	Construction of a 6 MG per day water treatment plant featuring an ultra filtration membrane system	11,177 / 13,391	no / no	Labette	no
Parsons 2	2394	\$5,000,000.00	\$2,623,747.72	\$2,376,252.28	Replace membrane system, reconfigure existing ponds as presettling ponds, upgrade pump stations and SCADA system, improve ventilation of mechanical and chemical rooms, and reroute yard and process piping	11,384 / 13,391	no / no	Labette	no
Phillipsburg	2415	\$1,115,125.00	\$0.00	\$1,115,125.00	Installation of approximately 24,000 linear feet of 10 inch pipe line, pump station improvements, and associated vales, controls, and telemetry	1,900 / 5,282	yes / yes	Phillips	no
Pleasanton	2348	\$650,000.00	\$126,857.72	\$523,142.28	Construction of a chlorine contact basin and pump station, rehabilitation of existing basins, filters, pumps, electrical controls, chemical feed systems, and appurtenances	1,392 / 2,990	yes / yes	Linn	no
Pottawatomie County RWD #3	2302	\$479,215.10	\$479,215.10	\$0.00	Construction of approximately 40,650 linear feet of 3, 4, and 6 inch water lines, a 14'x80' standpipe, modify an existing pump station, and related appurtenances	1,300 / 2,781	yes / yes	Pottawatomie	yes
Potwin	2396	\$145,000.00	\$145,000.00	\$0.00	Installation of approximately 1,200 linear feet of PVC water line and valves throughout the distribution system, including all connections, meters, and hydrants	443 / 1,085	yes / yes	Butler	no
Public Wholesale Water Supply District #4-1	2135	\$1,124,153.90	\$1,124,153.90	\$0.00	Water treatment plant upgrade and rehabilitation, and construction of 4 miles of 8 inch water transmission main to connect the City of Cherryvale	11,000 / 11,000	no / no	Labette and Montgomery	yes

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Public Wholesale Water Supply District #4-2	2303	\$530,710.26	\$530,710.26	\$0.00	Construction of a chlorine contact basin, re-chlorination facility, filter backwash water holding basin, a building to cover the solids contact basin, improvements to the filter building, and related appurtenances	9,290 / 9,290	no / yes	Labette and Montgomery	yes
Public Wholesale Water Supply District #17	2133	\$3,490,455.00	\$3,334,455.00	\$156,000.00	Construction of 5 new water supply wells, 16 miles of 10, 12 , 15, and 18 inch water lines connecting the four member cities, booster pump stations, master meters, vaults, disinfection facilities, and related appurtenances	21,471 / 21,471	no / no	Harvey	yes
Ransom	2397	\$695,204.00	\$0.00	\$695,204.00	Replacement of distribution system with approximately 33,250 linear ft. of 2, 4, and 6 inch PVC, construction of a chlorination building, and water well improvements	326 / 326	yes / yes	Ness	no
Rush Center	2200	\$67,736.42	\$67,736.42	\$0.00	Construction of 110 foot standpipe, piping and installation of 3 fire hydrants	177 / 177	yes / yes	Rush	no
Russell 1	2151	\$1,675,000.00	\$1,675,000.00	\$0.00	Construction of approximately 4.35 miles of 6, 8 and 12 inch water lines to replace under-sized and deteriorated sand-cast water lines to alleviate frequent line breaks and leaks and consumer complaints of substandard water quality	4,509 / 4,509	yes / yes	Russell	no
Russell 2	2362	\$6,200,000.00	\$0.00	\$6,200,000.00	Construction of a raw water transmission line, a membrane treatment plant, pipe to blend treated water, and all related appurtenances	4,567 / 4,567	yes / yes	Russell	no
Salina 1	2153	\$3,600,000.00	\$3,600,000.00	\$0.00	Rehabilitation and upgrade of water treatment plant including installation of air stripper and new chemical feed system	44,022 / 46,572	no / no	Saline	no

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Salina 2	2259	\$5,000,000.00	\$5,000,000.00	\$0.00	Second phase of improvements to the water treatment plant, including secondary clarifiers, lab/maintenance building, new administrative offices, equipment monitoring, and appurtenances	44,022/ 46,572	no/ no	Saline	no
Saline County RWD #4	2305	\$33,802.82	\$33,802.82	\$0.00	Construction of 2 wells, a chlorination building, and approximately 4,000 linear feet of 6 inch water line	768/ 768	yes/ yes	Saline	yes
Severy	2156	\$143,624.00	\$143,624.00	\$0.00	Development of a water transmission line from Salt Creek to the existing city lake and the water treatment plant	402/ 402	yes/ yes	Kingman	no
Sharon Springs	2306	\$642,481.00	\$499,972.79	\$142,508.21	Construction of a water supply well, a 1MG water storage tank, chlorination facility, approximately 22,200 linear feet of 10 inch water transmission main, and installation of telemetry controls	835/ 835	yes/ yes	Wallace	no
Shawnee County RWD #1C	2236	\$3,750,000.00	\$3,585,517.63	\$164,482.37	Construction of a 750,000 gallon elevated water storage tank, 66,500 linear feet of 8 and 12 inch water lines, pump station facility, upgrade pump station, 2nd connection to the City of Topeka, installation of telemetry, and appurtenances	3,300/ 3,430	yes/ yes	Shawnee	yes
Shawnee County RWD #3	2158	\$915,770.14	\$915,770.14	\$0.00	Construction of approximately 4 miles of 8 and 10 inch water lines and a 750,000 gallon water storage tank	3,500/ 3,500	yes/ yes	Shawnee	yes
Spivey	2160	\$78,000.00	\$78,000.00	\$0.00	Construction of 7,600 linear feet of 4 inch water line to connect to Harper Co. RWD #5 and related appurtenances	99/ 99	yes/ yes	Kingman	yes
Spring Hill	2367	\$2,406,625.00	\$1,836,518.77	\$570,106.23	Installation of approximately 33,000 linear feet of 16 and 20 inch pipe lines, expansion of the Miami RWD #2 treatment plant, and all related appurtenances	3,063/ 3,063	yes/ yes	Johnson/ Miami	no
St. George	2308	\$500,000.00	\$489,056.13	\$10,943.87	Construction of 2 wells and a well house, approximately 10,000 linear feet of 6 inch transmission line, and appurtenances	440/ 440	yes/ yes	Pottawatomie	yes

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Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description	Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Sterling	2211	\$663,203.00	\$488,613.68	\$174,589.32	Development and construction of 2 water supply wells, chlorination facility, approximately 6,600 linear feet of 6 and 8 inch water lines, procurement of a standby generator, and appurtenances	2,200 / 2,225	yes / yes	Rice	no
Stockton	2163	\$2,800,000.00	\$2,800,000.00	\$0.00	Construction of a new 1.5 MG per day water softening plant and approximately 2 miles of 6 and 8 inch water lines to replace deteriorated 4 inch and smaller water lines to alleviate frequent breakage and leaks	1,383 / 1,383	yes / yes	Rooks	no
Strong City	2237	\$346,700.00	\$289,172.54	\$57,527.46	Upgrade 3 water supply wells, water treatment plant, installation of a master meter, replacement of approximately 29,000 linear feet of water line, and appurtenances	608 / 885	yes / yes	Chase	no
Sylvan Grove	2164	\$160,901.75	\$160,901.75	\$0.00	Rehabilitation of 2 wells, pump houses, and chlorination system, installation of telemetric communication system, replacement of 6,000 linear feet of water line, and related appurtenances	277 / 277	yes / yes	Lincoln	no
Topeka 1	2371	\$9,440,167.00	\$0.00	\$9,440,167.00	Installation of approximately 20,000 linear feet of 16, 18, 24, and 42 inch water mains to improve pressure and capacity problems.	122,103 / 150,845	no / no	Shawnee	no
Topeka 2	2372	\$2,055,933.00	\$0.00	\$2,055,933.00	Installation of approximately 8,000 feet of distribution pipe ranging from 10" to 24" around the Topeka Boulevard Bridge to resolve pressure and capacity problems.	122,103 / 150,845	no / no	Shawnee	no
Ulysses	2171	\$194,707.41	\$194,707.41	\$0.00	Construction of approximately 2,400 linear feet of 10 inch water line, and related appurtenances	6,217 / 6,217	no / yes	Grant	no
Valley Center	2174	\$2,934,673.49	\$2,934,673.49	\$0.00	Construction of 12,000 feet of 8 and 12 inch raw water lines to City of Wichita, 13,000 feet of 16 inch finished water line from Wichita, 750,000 gallon elevated water storage tank, booster pump station, and pressure reducing valve	4,201 / 4,201	yes / yes	Sedgwick	no

STATE OF KANSAS
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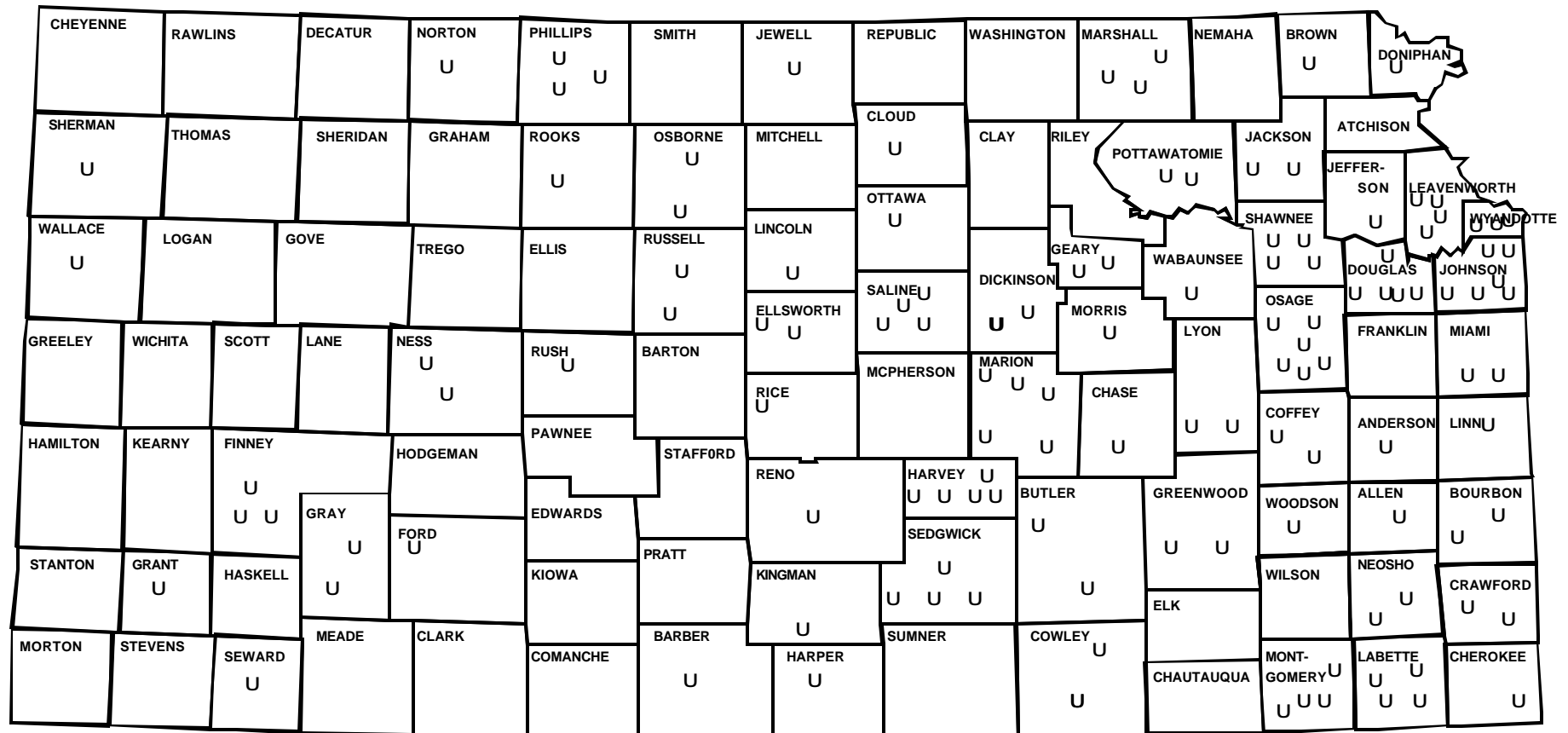
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As of June 30, 2005						Municipal* Population/ Population Served	Small* System State/Fed	County	Financial Integrity Assurance Contract
Borrower Name	Project #	Loan Agreement Commitment	Total Loan Payments	Balance of Loan Commitment	Project Description				
Wichita	2227	\$7,220,000.00	\$7,220,000.00	\$0.00	Construction of approximately 43,400 feet of 42 and 48 inch water main in East Wichita	316,350/ 350,028	no/ no	Sedgwick	no
Winfield 1	2181	\$2,330,985.70	\$2,330,985.70	\$0.00	Construction of approximately 19,500 feet of 12 inch water main and a 1 MG elevated water storage tank	12,090/ 15,614	no/ no	Cowley	no
Winfield 2	2233	\$6,205,000.00	\$5,640,000.00	\$565,000.00	Water treatment plant improvements including an intake building, chemical feed and handling, sedimentation, disinfection system, filtration, pumping, storage, controls, and related appurtenances	12,158/ 15,682	no/ no	Cowley	no
Woodson Co. RWD #1	2345	\$500,000.00	\$0.00	\$500,000.00	Construction of approximately 20 miles of 3, 4, 6 and 8 inch pipe, and all related connections, borings, and appurtenances to allow the district to obtain water from Yates Center.	1,507/ 1,597	yes/ yes	Woodson	yes
TOTALS		\$290,457,701.61	\$211,695,409.36	\$78,762,292.25					
127 Loans									

* State Regulations define small systems as municipalities with a population of less than 5,000 without consideration of wholesale customers. Federal Regulations define small systems as systems that serve less than 10,000 people accounting for populations of other systems that purchase water wholesale.

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KPWSLF
Projects Funded Through FY 2005
127 Projects - \$290,457,701.61

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PUBLIC WATER SUPPLY LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY

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FY 98-04

BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
ABILENE #2001						ABILENE #2001
Project Payments	1,400,000.00					1,400,000.00
Interest Accrued	0.00					0.00
Principal Outstanding	1,130,962.73					1,073,229.60
Fees Accrued	0.00					0.00
Principal Payments	269,037.27	28,582.18		29,150.95		326,770.40
Interest Payments	220,578.17	20,526.97		20,008.21		261,113.35
Fee Payments	21,267.86	1,979.18		1,929.17		25,176.21
ALMA #2002						ALMA #2002
Project Payments	475,791.83					475,791.83
Interest Accrued	4,957.90					4,957.90
Principal Outstanding	392,673.14					374,957.25
Fees Accrued	456.66					456.66
Principal Payments	88,533.25	8,766.99		8,948.90		106,249.14
Interest Payments	64,286.42	7,460.79		7,294.22		79,041.43
Fee Payments	5,921.12	687.18		671.84		7,280.14
ALMENA #2392						ALMENA #2392
Project Payments	0.00		48,580.00			48,580.00
Interest Accrued	0.00					0.00
Principal Outstanding	0.00					48,580.00
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	0.00			364.08		364.08
Fee Payments	0.00			35.90		35.90
ASSARIA #2182						ASSARIA #2182
Project Payments	489,000.00					489,000.00
Interest Accrued	0.00					0.00
Principal Outstanding	453,690.85					437,010.19
Fees Accrued	0.00					0.00
Principal Payments	35,309.15	8,244.49		8,436.17		51,989.81
Interest Payments	38,593.21	9,754.35		9,577.10		57,924.66
Fee Payments	3,141.33	793.96		779.53		4,714.82

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FY 98-04

BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
BALDWIN CITY #2321						BALDWIN CITY #2321
Project Payments	1,471,981.89	128,018.11		(763.79)		1,599,236.21
Interest Accrued	0.00					0.00
Principal Outstanding	1,471,981.89					1,561,189.03
Fees Accrued	0.00					0.00
Principal Payments	0.00			38,047.18		38,047.18
Interest Payments	16,544.95	25,747.28		28,131.17		70,423.40
Fee Payments	1,635.80	2,545.64		2,781.33		6,962.77
BAXTER SPRINGS #2009						BAXTER SPRINGS #2009
Project Payments	2,858,190.28					2,858,190.28
Interest Accrued	38,292.09					38,292.09
Principal Outstanding	2,746,747.45					2,644,889.70
Fees Accrued	3,517.63					3,517.63
Principal Payments	153,252.55	50,436.36		51,421.39		255,110.30
Interest Payments	155,020.68	52,266.88		51,364.73		258,652.29
Fee Payments	14,240.75	4,801.42		4,718.54		23,760.71
BURLINGTON #2231						BURLINGTON #2231
Project Payments	1,833,186.46	977,678.65	635,962.30	139,350.21	613,016.28	4,199,193.90
Interest Accrued	0.00					0.00
Principal Outstanding	1,833,186.46					4,199,193.90
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	322.65	21,711.94		54,880.95		76,915.54
Fee Payments	31.90	2,146.67		5,426.08		7,604.65
BUTLER CO. RWD #8 #2018						BUTLER CO. RWD #8 #2018
Project Payments	816,871.25					816,871.25
Interest Accrued	0.00					0.00
Principal Outstanding	747,733.44					717,957.59
Fees Accrued	0.00					0.00
Principal Payments	69,137.81	14,734.69		15,041.16		98,913.66
Interest Payments	100,008.54	14,244.32		13,963.63		128,216.49
Fee Payments	9,191.91	1,308.53		1,282.75		11,783.19

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
CARBONDALE #2186						CARBONDALE #2186
Project Payments	1,343,056.18	9,700.00	(2,296.57)			1,350,459.61
Interest Accrued	0.00					0.00
Principal Outstanding	1,070,500.98					995,510.15
Fees Accrued	0.00					0.00
Principal Payments	272,555.20	63,524.56		18,869.70		354,949.46
Interest Payments	93,513.91	23,281.95		22,422.59		139,218.45
Fee Payments	7,404.95	1,843.59		1,775.55		11,024.09
CARBONDALE 2 #2413						CARBONDALE 2 #2413
Project Payments	0.00		41,912.50	2,452.50	17,782.75	62,147.75
Interest Accrued	0.00			168.14		168.14
Principal Outstanding	0.00					62,333.10
Fees Accrued	0.00			17.21		17.21
Principal Payments	0.00					0.00
Interest Payments	0.00					0.00
Fee Payments	0.00					0.00
CHANUTE #2022						CHANUTE #2022
Project Payments	1,733,777.89					1,733,777.89
Interest Accrued	14,840.67					14,840.67
Principal Outstanding	1,683,585.32					1,620,268.94
Fees Accrued	1,381.44					1,381.44
Principal Payments	66,414.68	32,651.83		30,664.55		129,731.06
Interest Payments	79,315.78	29,219.50		31,037.55		139,572.83
Fee Payments	7,383.12	2,719.90		2,889.13		12,992.15
CHETOPA #2188						CHETOPA #2188
Project Payments	39,300.00	11,400.00	10,800.00	1,000.00		62,500.00
Interest Accrued	0.00					0.00
Principal Outstanding	39,300.00					62,500.00
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	0.00	309.76		897.70		1,207.46
Fee Payments	0.00	33.47		96.99		130.46

PUBLIC WATER SUPPLY LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
CIMARRON #2024						CIMARRON #2024
Project Payments	1,511,448.85			(27.70)		1,511,421.15
Interest Accrued	0.00					0.00
Principal Outstanding	1,310,748.08					1,252,471.81
Fees Accrued	0.00					0.00
Principal Payments	200,700.77	29,374.42		28,874.15		258,949.34
Interest Payments	198,023.65	24,183.30		23,641.23		245,848.18
Fee Payments	18,782.73	2,293.81		2,242.39		23,318.93
CLOUD CO. RWD #1 #2327						CLOUD CO. RWD #1 #2327
Project Payments	0.00		10,033.00	27,469.93		37,502.93
Interest Accrued	0.00					0.00
Principal Outstanding	0.00					37,502.93
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	0.00			116.74		116.74
Fee Payments	0.00			11.28		11.28
COFFEYVILLE 1 #2250						COFFEYVILLE 1 #2250
Project Payments	2,417,576.94				18,067.18	2,435,644.12
Interest Accrued	7,207.30					7,207.30
Principal Outstanding	2,295,840.90					2,221,355.53
Fees Accrued	604.91					604.91
Principal Payments	129,548.25	47,602.22		44,950.33		222,100.80
Interest Payments	57,174.03	44,429.24		46,875.78		148,479.05
Fee Payments	4,798.78	3,729.07		3,934.42		12,462.27
COFFEYVILLE 2 #2026						COFFEYVILLE 2 #2026
Project Payments	413,124.23					413,124.23
Interest Accrued	4,832.66					4,832.66
Principal Outstanding	398,564.82					384,571.86
Fees Accrued	433.72					433.72
Principal Payments	19,825.79	6,922.96		7,070.00		33,818.75
Interest Payments	15,902.67	7,771.95		7,637.02		31,311.64
Fee Payments	1,427.16	697.48		685.37		2,810.01

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
COLWICH #2204						COLWICH #2204
Project Payments	3,541,990.04					3,541,990.04
Interest Accrued	32,285.15					32,285.15
Principal Outstanding	3,339,863.83					3,218,291.56
Fees Accrued	2,603.64					2,603.64
Principal Payments	237,015.00	60,081.68		61,490.59		358,587.27
Interest Payments	363,841.47	72,475.04		71,171.27		507,487.78
Fee Payments	29,342.08	5,844.77		5,739.63		40,926.48
COUNCIL GROVE #2378						COUNCIL GROVE #2378
Project Payments	0.00	488,176.01	376,467.82	814,722.65	348,209.66	2,027,576.14
Interest Accrued	0.00					0.00
Principal Outstanding	0.00					2,027,576.14
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	0.00	218.95		10,646.48		10,865.43
Fee Payments	0.00	22.67		1,102.44		1,125.11
CRAWFORD CO. RWD #5 #2032						CRAWFORD CO. RWD #5 #2032
Project Payments	575,226.55					575,226.55
Interest Accrued	4,060.40					4,060.40
Principal Outstanding	497,375.89					472,731.34
Fees Accrued	364.40					364.40
Principal Payments	82,275.46	9,719.01		14,925.54		106,920.01
Interest Payments	40,385.32	9,698.83		9,509.31		59,593.46
Fee Payments	3,624.30	870.41		853.40		5,348.11
DODGE CITY #2229, 2230						DODGE CITY #2229, 2230
Project Payments	3,918,057.99	123,141.27		356,955.10		4,398,154.36
Interest Accrued	0.00					0.00
Principal Outstanding	3,545,284.21					3,727,779.69
Fees Accrued	0.00					0.00
Principal Payments	372,773.78	149,657.73		147,943.16		670,374.67
Interest Payments	72,803.69	67,015.92		68,589.29		208,408.90
Fee Payments	6,533.67	6,014.25		6,155.45		18,703.37

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
DONIPHAN CO. RWD #5 #2234						DONIPHAN CO. RWD #5 #2234
Project Payments	46,303.60					46,303.60
Interest Accrued	0.00					0.00
Principal Outstanding	42,981.27					41,410.78
Fees Accrued	0.00					0.00
Principal Payments	3,322.33	776.22		794.27		4,892.82
Interest Payments	4,569.46	924.10		907.41		6,400.97
Fee Payments	371.92	75.22		74.86		522.00
DOUGLAS CO. RWD #4 #2274						DOUGLAS CO. RWD #4 #2274
Project Payments	857,696.30					857,696.30
Interest Accrued	0.00					0.00
Principal Outstanding	857,696.30					827,047.47
Fees Accrued	0.00					0.00
Principal Payments	0.00	16,322.80		14,326.03		30,648.83
Interest Payments	10,953.08	13,866.14		15,691.62		40,510.84
Fee Payments	1,027.78	1,301.11		1,472.40		3,801.29
DOUGLAS CO. RWD #5 #2249						DOUGLAS CO. RWD #5 #2249
Project Payments	1,155,349.37		(5,535.19)			1,149,814.18
Interest Accrued	7,617.34					7,617.34
Principal Outstanding	1,060,966.78					756,424.86
Fees Accrued	663.19					663.19
Principal Payments	102,663.12	285,583.96		13,422.77		401,669.85
Interest Payments	88,048.27	21,325.43		16,301.44		125,675.14
Fee Payments	7,665.89	1,856.69		1,419.29		10,941.87
EDGERTON #2039						EDGERTON #2039
Project Payments	1,033,135.94					1,033,135.94
Interest Accrued	25,697.16					25,697.16
Principal Outstanding	973,878.68					928,765.74
Fees Accrued	2,437.39					2,437.39
Principal Payments	87,391.81	22,330.93		22,782.01		132,504.75
Interest Payments	73,636.80	17,968.06		17,556.06		109,160.92
Fee Payments	6,984.51	1,704.29		1,665.21		10,354.01

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
ELLSWORTH #2255						ELLSWORTH #2255
Project Payments	2,041,834.55			(396.40)		2,041,438.15
Interest Accrued	0.00					0.00
Principal Outstanding	1,959,791.26					1,877,479.16
Fees Accrued	0.00					0.00
Principal Payments	82,043.29	40,791.14		41,124.56		163,958.99
Interest Payments	104,419.52	38,878.61		38,571.90		181,870.03
Fee Payments	9,091.22	3,384.96		3,358.25		15,834.43
EMPORIA #2041						EMPORIA #2041
Project Payments	4,739,010.72					4,739,010.72
Interest Accrued	0.00					0.00
Principal Outstanding	4,014,141.11					3,839,334.65
Fees Accrued	0.00					0.00
Principal Payments	724,869.61	86,522.86		88,283.60		899,676.07
Interest Payments	660,657.26	74,663.02		73,053.70		808,373.98
Fee Payments	62,158.58	7,024.75		6,873.33		76,056.66
EUREKA #2045						EUREKA #2045
Project Payments	450,000.00					450,000.00
Interest Accrued	0.00					0.00
Principal Outstanding	393,680.26					376,517.18
Fees Accrued	0.00					0.00
Principal Payments	56,319.74	8,493.21		8,669.87		73,482.82
Interest Payments	56,049.36	7,499.61		7,337.81		70,886.78
Fee Payments	5,148.90	688.94		674.08		6,511.92
FINNEY CO. RWD #1 #2047						FINNEY CO. RWD #1 #2047
Project Payments	2,454,971.06					2,454,971.06
Interest Accrued	51,432.61					51,432.61
Principal Outstanding	2,181,259.73					2,078,025.91
Fees Accrued	4,813.19					4,813.19
Principal Payments	329,957.13	51,094.47		52,139.35		433,190.95
Interest Payments	401,890.49	40,789.56		39,834.09		482,514.14
Fee Payments	37,610.06	3,817.20		3,727.79		45,155.05

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		FY 98-04					
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
FLORENCE #2254						FLORENCE #2254	
Project Payments	155,427.79					155,427.79	
Interest Accrued	0.00					0.00	
Principal Outstanding	149,262.80					140,653.75	
Fees Accrued	0.00					0.00	
Principal Payments	6,164.99	4,253.80		4,355.25		14,774.04	
Interest Payments	1,826.54	3,298.71		3,204.70		8,329.95	
Fee Payments	144.64	261.21		253.77		659.62	
FT. SCOTT #2189						FT. SCOTT #2189	
Project Payments	0.00		463,965.00	1,117,034.02	406,320.48	1,987,319.50	
Interest Accrued	0.00					0.00	
Principal Outstanding	0.00					1,987,319.50	
Fees Accrued	0.00					0.00	
Principal Payments	0.00					0.00	
Interest Payments	0.00			5,767.74		5,767.74	
Fee Payments	0.00			534.04		534.04	
FT. SCOTT 2 #2277						FT. SCOTT 2 #2277	
Project Payments	0.00		2,132,689.38	1,089,785.50	545,508.70	3,767,983.58	
Interest Accrued	0.00					0.00	
Principal Outstanding	0.00					3,767,983.58	
Fees Accrued	0.00					0.00	
Principal Payments	0.00					0.00	
Interest Payments	0.00			14,401.08		14,401.08	
Fee Payments	0.00			1,461.00		1,461.00	
GARDEN CITY 1 #2055, 2056, 2057						GARDEN CITY 1 #2055, 2056, 2057	
Project Payments	5,566,737.50					5,566,737.50	
Interest Accrued	102,186.51					102,186.51	
Principal Outstanding	4,674,003.37					4,446,347.01	
Fees Accrued	9,175.57					9,175.57	
Principal Payments	1,004,096.21	112,620.33		115,036.03		1,231,752.57	
Interest Payments	1,084,690.23	92,077.87		89,859.25		1,266,627.35	
Fee Payments	96,355.72	8,179.50		7,982.42		112,517.64	

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
GARDEN CITY 2 #2316						GARDEN CITY 2 #2316
Project Payments	2,556,175.44				(964.67)	2,555,210.77
Interest Accrued	53,953.31					53,953.31
Principal Outstanding	2,615,098.13					2,498,358.99
Fees Accrued	4,969.38					4,969.38
Principal Payments	0.00	57,725.11		58,049.36		115,774.47
Interest Payments	0.00	48,886.99		48,590.09		97,477.08
Fee Payments	0.00	4,502.75		4,475.40		8,978.15
GARNETT #2242						GARNETT #2242
Project Payments	1,124,004.20	33,781.85	15,519.00			1,173,305.05
Interest Accrued	25,083.39					25,083.39
Principal Outstanding	1,124,315.01					1,128,815.29
Fees Accrued	2,379.18					2,379.18
Principal Payments	27,151.76	22,607.49		22,193.08		71,952.33
Interest Payments	16,412.89	20,563.47		20,941.98		57,918.34
Fee Payments	1,556.78	1,950.47		1,986.37		5,493.62
GEARY CO. RWD #4 #2319						GEARY CO. RWD #4 #2319
Project Payments	241,728.85	128,173.12	18,773.94	(4,710.55)		383,965.36
Interest Accrued	0.00					0.00
Principal Outstanding	241,728.85					383,965.36
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	518.45	2,286.54		6,018.45		8,823.44
Fee Payments	56.01	247.00		650.14		953.15
GOESSEL #2059						GOESSEL #2059
Project Payments	340,925.00		(22.74)			340,902.26
Interest Accrued	0.00					0.00
Principal Outstanding	327,550.47					315,609.80
Fees Accrued	0.00					0.00
Principal Payments	13,374.53	6,116.21		5,801.72		25,292.46
Interest Payments	14,637.55	6,387.23		6,267.97		27,292.75
Fee Payments	1,313.62	573.21		562.51		2,449.34

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
GOODLAND #2061							GOODLAND #2061
Project Payments	2,467,135.51					2,467,135.51	
Interest Accrued	0.00					0.00	
Principal Outstanding	2,092,381.43					1,992,726.87	
Fees Accrued	0.00					0.00	
Principal Payments	374,754.08	49,322.95		50,331.61		474,408.64	
Interest Payments	370,033.69	39,127.53		38,205.19		447,366.41	
Fee Payments	34,628.81	3,661.67		3,575.35		41,865.83	
HARPER CO. RWD #2 #2351							HARPER CO. RWD #2 #2351
Project Payments	0.00	446,573.56	14,402.50	51,610.49	28,895.41	541,481.96	
Interest Accrued	0.00	267.12		6,616.56		6,883.68	
Principal Outstanding	0.00					549,064.00	
Fees Accrued	0.00	27.11		671.25		698.36	
Principal Payments	0.00					0.00	
Interest Payments	0.00					0.00	
Fee Payments	0.00					0.00	
HARVEY CO. RWD #1 #2193							HARVEY CO. RWD #1 #2193
Project Payments	539,676.88					539,676.88	
Interest Accrued	0.00					0.00	
Principal Outstanding	462,196.55					441,086.46	
Fees Accrued	0.00					0.00	
Principal Payments	77,480.33	10,450.54		10,659.55		98,590.42	
Interest Payments	78,654.65	8,435.09		8,244.36		95,334.10	
Fee Payments	7,542.22	808.85		790.57		9,141.64	
HIAWATHA #2066							HIAWATHA #2066
Project Payments	457,119.06				23,822.10	480,941.16	
Interest Accrued	0.00					0.00	
Principal Outstanding	457,119.06					397,585.50	
Fees Accrued	0.00					0.00	
Principal Payments	0.00	41,257.01		42,098.65		83,355.66	
Interest Payments	4,938.55	8,525.27		7,755.83		21,219.65	
Fee Payments	463.41	799.96		727.76		1,991.13	

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
HILLSBORO #2408						HILLSBORO #2408	
Project Payments	0.00				19,388.75		19,388.75
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						19,388.75
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00						0.00
Fee Payments	0.00						0.00
HOLYROOD #2068						HOLYROOD #2068	
Project Payments	0.00				25,235.31		25,235.31
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						25,235.31
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00						0.00
Fee Payments	0.00						0.00
HOYT #2194						HOYT #2194	
Project Payments	808,427.53						808,427.53
Interest Accrued	0.00						0.00
Principal Outstanding	754,173.67						725,514.67
Fees Accrued	0.00						0.00
Principal Payments	54,253.86	14,171.84		14,487.16			82,912.86
Interest Payments	77,542.82	15,460.56		15,170.04			108,173.42
Fee Payments	6,619.51	1,319.80		1,295.00			9,234.31
HUTCHINSON #2280						HUTCHINSON #2280	
Project Payments	1,297,671.67	39,228.46			69,391.55		1,406,291.68
Interest Accrued	0.00						0.00
Principal Outstanding	1,297,671.67						1,267,703.89
Fees Accrued	0.00						0.00
Principal Payments	0.00	71,862.83		66,724.96			138,587.79
Interest Payments	2,348.68	19,500.30		24,207.96			46,056.94
Fee Payments	214.64	1,782.01		2,212.22			4,208.87

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		FY 98-04					
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
INGALLS #2356							INGALLS #2356
Project Payments	101,595.47	53,870.67					155,466.14
Interest Accrued	0.00						0.00
Principal Outstanding	101,595.47						151,113.60
Fees Accrued	0.00						0.00
Principal Payments	0.00			4,352.54			4,352.54
Interest Payments	0.00	689.05		2,666.24			3,355.29
Fee Payments	0.00	70.31		272.07			342.38
IOLA #2281							IOLA #2281
Project Payments	5,664,384.36	1,354,270.40	1,981,345.24		1,000,000.00		10,000,000.00
Interest Accrued	0.00						0.00
Principal Outstanding	5,664,384.36						10,000,000.00
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	24,427.58	76,352.29		144,368.90			245,148.77
Fee Payments	2,335.98	7,301.45		13,805.75			23,443.18
JACKSON CO. RWD #1 #2214							JACKSON CO. RWD #1 #2214
Project Payments	2,170,441.17						2,170,441.17
Interest Accrued	0.00						0.00
Principal Outstanding	1,650,777.72						1,596,065.31
Fees Accrued	0.00						0.00
Principal Payments	519,663.45	27,055.89		27,656.52			574,375.86
Interest Payments	110,745.00	33,758.40		33,205.11			177,708.51
Fee Payments	9,476.96	2,888.86		2,841.52			15,207.34
JEWELL CO. RWD #1 #2080							JEWELL CO. RWD #1 #2080
Project Payments	0.00				34,749.72		34,749.72
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						34,749.72
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00						0.00
Fee Payments	0.00						0.00

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
JOHNSON CO. CONS. RWD #6 #2081						JOHNSON CO. CONS. RWD #6 #2081
Project Payments	1,239,437.00					1,239,437.00
Interest Accrued	0.00					0.00
Principal Outstanding	1,016,252.21					968,155.43
Fees Accrued	0.00					0.00
Principal Payments	223,184.79	23,804.98		24,291.80		271,281.57
Interest Payments	175,232.48	19,003.92		18,558.76		212,795.16
Fee Payments	16,398.78	1,778.45		1,736.79		19,914.02
JOHNSON CO. RWD #7 #2082, 2083						JOHNSON CO. RWD #7 #2082, 2083
Project Payments	1,533,843.61					1,533,843.61
Interest Accrued	40,973.51					40,973.51
Principal Outstanding	1,349,410.36					1,288,530.18
Fees Accrued	3,773.88					3,773.88
Principal Payments	229,180.64	30,127.51		30,752.67		290,060.82
Interest Payments	216,886.76	25,638.80		25,066.37		267,591.93
Fee Payments	19,976.40	2,361.47		2,308.74		24,646.61
JOHNSON CO. RWD #7.2 #2333						JOHNSON CO. RWD #7.2 #2333
Project Payments	640,272.09		(4,630.18)			635,641.91
Interest Accrued	0.00					0.00
Principal Outstanding	640,272.09					635,641.91
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	0.00	9,752.11		10,359.70		20,111.81
Fee Payments	0.00	1,050.24		1,115.66		2,165.90
JUNCTION CITY #2084						JUNCTION CITY #2084
Project Payments	743,793.99					743,793.99
Interest Accrued	541.94					541.94
Principal Outstanding	663,042.12					632,914.91
Fees Accrued	46.26					46.26
Principal Payments	81,340.07	14,897.87		15,229.34		111,467.28
Interest Payments	34,331.40	13,592.36		13,286.96		61,210.72
Fee Payments	2,930.73	1,160.32		1,134.25		5,225.30

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
KC BOARD OF PUBLIC UTILITIES 1 #2263						KC BOARD OF PUBLIC UTILITIES 1 #2263	
Project Payments	2,280,506.12	1,639,289.85	1,157,954.36			5,077,750.33	
Interest Accrued	0.00					0.00	
Principal Outstanding	2,280,506.12					4,713,097.11	
Fees Accrued	0.00					0.00	
Principal Payments	0.00			364,653.22		364,653.22	
Interest Payments	15,765.42	36,783.32		74,440.31		126,989.05	
Fee Payments	1,549.97	3,616.34		7,318.57		12,484.88	
KC BOARD OF PUBLIC UTILITIES 2 #2265						KC BOARD OF PUBLIC UTILITIES 2 #2265	
Project Payments	2,129,543.05	1,504,765.46	1,032,218.92			4,666,527.43	
Interest Accrued	0.00					0.00	
Principal Outstanding	2,129,543.05					4,549,651.38	
Fees Accrued	0.00					0.00	
Principal Payments	0.00			116,876.05		116,876.05	
Interest Payments	0.00	15,839.44		73,775.47		89,614.91	
Fee Payments	0.00	1,566.05		7,294.18		8,860.23	
LAWRENCE 1 #2285						LAWRENCE 1 #2285	
Project Payments	6,166,121.54		3,267.57			6,169,389.11	
Interest Accrued	0.00					0.00	
Principal Outstanding	5,898,216.20					5,625,375.00	
Fees Accrued	0.00					0.00	
Principal Payments	267,905.34	136,761.64		139,347.13		544,014.11	
Interest Payments	465,047.58	113,566.62		111,196.07		689,810.27	
Fee Payments	42,167.53	10,297.49		10,082.55		62,547.57	
LAWRENCE 2 #2087						LAWRENCE 2 #2087	
Project Payments	5,369,088.67		191,917.56			5,561,006.23	
Interest Accrued	0.00					0.00	
Principal Outstanding	5,244,262.43					5,232,626.86	
Fees Accrued	0.00					0.00	
Principal Payments	124,826.24	102,671.85		100,881.28		328,379.37	
Interest Payments	115,669.87	96,400.09		98,039.28		310,109.24	
Fee Payments	10,682.51	8,902.38		9,053.76		28,638.65	

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
LEAVENWORTH CO. CONS. RWD #1 #2092						
Project Payments	2,893,984.58					2,893,984.58
Interest Accrued	64,353.58					64,353.58
Principal Outstanding	2,498,392.90					2,380,149.93
Fees Accrued	6,022.37					6,022.37
Principal Payments	465,967.63	58,523.08		59,719.89		584,210.60
Interest Payments	387,632.47	46,719.95		45,625.57		479,977.99
Fee Payments	36,275.78	4,372.19		4,269.76		44,917.73
LEAVENWORTH CO. RWD #7 #2225						
Project Payments	1,652,957.00					1,652,957.00
Interest Accrued	0.00					0.00
Principal Outstanding	1,618,267.83					1,562,189.42
Fees Accrued	0.00					0.00
Principal Payments	34,689.17	27,754.03		28,324.38		90,767.58
Interest Payments	36,248.72	30,423.44		29,901.66		96,573.82
Fee Payments	3,374.23	2,831.97		2,783.40		8,989.60
LEAVENWORTH CO. RWD #9 #2093						
Project Payments	806,229.10					806,229.10
Interest Accrued	2,867.24					2,867.24
Principal Outstanding	0.00					0.00
Fees Accrued	250.86					250.86
Principal Payments	809,347.20					809,347.20
Interest Payments	60,289.12					60,289.12
Fee Payments	5,275.81					5,275.81
LEAVENWORTH WATERWORKS BD. #2326						
Project Payments	1,722,442.02	5,250,000.00				6,972,442.02
Interest Accrued	0.00					0.00
Principal Outstanding	1,722,442.02					6,830,502.38
Fees Accrued	0.00					0.00
Principal Payments	0.00			141,939.64		141,939.64
Interest Payments	38,266.37	30,855.97		100,549.72		169,672.06
Fee Payments	3,783.40	3,050.73		9,941.35		16,775.48

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		FY 98-04					
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
LIBERAL #2290							LIBERAL #2290
Project Payments	0.00		2,592,283.12	281,532.36			2,873,815.48
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						2,873,815.48
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00			31,424.95			31,424.95
Fee Payments	0.00			2,948.73			2,948.73
LOGAN #2194							LOGAN #2194
Project Payments	650,000.00						650,000.00
Interest Accrued	0.00						0.00
Principal Outstanding	539,606.48						513,455.78
Fees Accrued	0.00						0.00
Principal Payments	110,393.52	12,944.61		13,206.09			136,544.22
Interest Payments	53,849.34	9,955.74		9,716.91			73,521.99
Fee Payments	5,107.66	944.31		921.66			6,973.63
LONG ISLAND #2256							LONG ISLAND #2256
Project Payments	187,668.01		(7.95)				187,660.06
Interest Accrued	989.46						989.46
Principal Outstanding	181,694.37						175,096.43
Fees Accrued	91.13						91.13
Principal Payments	7,054.23	3,338.23		3,251.76			13,644.22
Interest Payments	6,829.70	3,452.19		3,388.68			13,670.57
Fee Payments	629.05	317.97		312.11			1,259.13
LYON CO. RWD #1 #2213							LYON CO. RWD #1 #2213
Project Payments	445,408.45						445,408.45
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						0.00
Fees Accrued	0.00						0.00
Principal Payments	445,408.45						445,408.45
Interest Payments	40,973.46						40,973.46
Fee Payments	3,304.33						3,304.33

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		FY 98-04					
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
MAIZE #2292							MAIZE #2292
Project Payments	4,906,199.71			167,295.11		5,073,494.82	
Interest Accrued	207,074.60					207,074.60	
Principal Outstanding	5,129,291.07					5,196,268.59	
Fees Accrued	19,430.58					19,430.58	
Principal Payments	3,413.82	3,483.44		96,834.15		103,731.41	
Interest Payments	95,724.95	95,661.28		95,960.32		287,346.55	
Fee Payments	8,982.23	8,976.26		9,004.32		26,962.81	
MARION CO. RWD #1 #2332							MARION CO. RWD #1 #2332
Project Payments	67,938.56	143,261.00	45,056.00	69,292.96		325,548.52	
Interest Accrued	0.00			3,579.54		3,579.54	
Principal Outstanding	67,938.56					329,514.74	
Fees Accrued	0.00			386.68		386.68	
Principal Payments	0.00					0.00	
Interest Payments	0.00	441.19				441.19	
Fee Payments	0.00	47.66				47.66	
MARION CO. RWD #4 #2105							MARION CO. RWD #4 #2105
Project Payments	1,804,766.31					1,804,766.31	
Interest Accrued	36,590.30					36,590.30	
Principal Outstanding	1,546,751.87					1,473,547.79	
Fees Accrued	3,424.21					3,424.21	
Principal Payments	298,028.95	36,231.57		36,972.51		371,233.03	
Interest Payments	288,304.50	28,924.26		28,246.73		345,475.49	
Fee Payments	26,980.35	2,706.82		2,643.41		32,330.58	
MARSHALL CO. RWD #3 #2106							MARSHALL CO. RWD #3 #2106
Project Payments	572,404.89					572,404.89	
Interest Accrued	2,813.99					2,813.99	
Principal Outstanding	385,060.72					209,226.32	
Fees Accrued	246.23					246.23	
Principal Payments	190,404.39	11,056.96	150,000.00	14,777.44		366,238.79	
Interest Payments	57,811.72	9,301.21		5,880.08		72,993.01	
Fee Payments	5,058.53	813.86		514.51		6,386.90	

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Borrower and Project No.		FY 98-04					TOTAL	
		TOTAL	9/30/04	12/31/04	3/31/05	6/30/05		
MARSHALL CO. RWD #3.2 #2336							MARSHALL CO. RWD #3.2 #2336	
Project Payments	0.00				87,486.52	276,542.33		364,028.85
Interest Accrued	0.00				19.79			19.79
Principal Outstanding	0.00							364,050.76
Fees Accrued	0.00				2.12			2.12
Principal Payments	0.00							0.00
Interest Payments	0.00							0.00
Fee Payments	0.00							0.00
MARYSVILLE #2294							MARYSVILLE #2294	
Project Payments	301,746.58							301,746.58
Interest Accrued	0.00							0.00
Principal Outstanding	293,897.76							283,849.67
Fees Accrued	0.00							0.00
Principal Payments	7,848.82		4,972.57		5,075.52			17,896.91
Interest Payments	6,497.93		5,569.38		5,475.13			17,542.44
Fee Payments	600.10		514.32		505.62			1,620.04
McLOUTH #2108							McLOUTH #2108	
Project Payments	1,009,840.09							1,009,840.09
Interest Accrued	0.00							0.00
Principal Outstanding	793,299.24							754,718.95
Fees Accrued	0.00							0.00
Principal Payments	216,540.85		19,084.51		19,495.78			255,121.14
Interest Payments	194,332.19		15,707.32		15,329.45			225,368.96
Fee Payments	17,175.82		1,388.28		1,354.88			19,918.98
MEDICINE LODGE #2197							MEDICINE LODGE #2197	
Project Payments	587,689.00				(156.17)			587,532.83
Interest Accrued	0.00							0.00
Principal Outstanding	561,217.78							535,792.45
Fees Accrued	0.00							0.00
Principal Payments	26,471.22		12,508.06		12,761.10			51,740.38
Interest Payments	20,407.43		10,354.47		10,123.35			40,885.25
Fee Payments	1,935.66		982.13		960.21			3,878.00

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		FY 98-04					
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
MIAMI CO. RWD #2 #2109							MIAMI CO. RWD #2 #2109
Project Payments	5,515,053.00						5,515,053.00
Interest Accrued	0.00						0.00
Principal Outstanding	4,729,659.87						4,514,522.75
Fees Accrued	0.00						0.00
Principal Payments	785,393.13	106,479.81		108,657.31			1,000,530.25
Interest Payments	912,070.34	88,444.64		86,453.47			1,086,968.45
Fee Payments	85,354.20	8,276.90		8,090.57			101,721.67
MINNEAPOLIS #2390							MINNEAPOLIS #2390
Project Payments	0.00				37,806.85		37,806.85
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						37,806.85
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00						0.00
Fee Payments	0.00						0.00
NESS CITY #2416							NESS CITY #2416
Project Payments	0.00				4,829.95		4,829.95
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						4,829.95
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00						0.00
Fee Payments	0.00						0.00
NEW STRAWN #2222							NEW STRAWN #2222
Project Payments	1,253,000.45						1,253,000.45
Interest Accrued	15,488.90						15,488.90
Principal Outstanding	1,195,458.79						1,152,973.09
Fees Accrued	1,300.03						1,300.03
Principal Payments	74,330.59	21,005.39		21,480.31			116,816.29
Interest Payments	87,399.84	24,925.49		24,487.35			136,812.68
Fee Payments	7,335.73	2,092.07		2,055.29			11,483.09

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FY 98-04						
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
NEWTON 1 #2118						NEWTON 1 #2118
Project Payments	2,086,455.74					2,086,455.74
Interest Accrued	0.00					0.00
Principal Outstanding	1,692,560.15					1,609,178.22
Fees Accrued	0.00					0.00
Principal Payments	393,895.59	41,260.82		42,121.11		477,277.52
Interest Payments	341,565.40	32,327.90		31,539.82		405,433.12
Fee Payments	31,295.27	2,961.98		2,889.77		37,147.02
NEWTON 2 #2297						NEWTON 2 #2297
Project Payments	1,231,921.69					1,231,921.69
Interest Accrued	0.00					0.00
Principal Outstanding	1,201,631.29					1,146,634.55
Fees Accrued	0.00					0.00
Principal Payments	30,290.40	27,492.99		27,503.75		85,287.14
Interest Payments	31,317.36	22,259.77		22,249.92		75,827.05
Fee Payments	2,892.10	2,055.65		2,054.74		7,002.49
NORTH NEWTON #2328						NORTH NEWTON #2328
Project Payments	276,686.93	291,244.82	23,260.45	(272.70)		590,919.50
Interest Accrued	0.00					0.00
Principal Outstanding	276,686.93					579,979.52
Fees Accrued	0.00					0.00
Principal Payments	0.00			10,939.98		10,939.98
Interest Payments	0.00	1,579.58		9,267.70		10,847.28
Fee Payments	0.00	161.18		945.67		1,106.85
OLATHE #2366						OLATHE #2366
Project Payments	0.00		1,163,886.21	2,279,828.98	4,963,553.11	8,407,268.30
Interest Accrued	0.00			7,895.84		7,895.84
Principal Outstanding	0.00					8,415,991.55
Fees Accrued	0.00			827.41		827.41
Principal Payments	0.00					0.00
Interest Payments	0.00					0.00
Fee Payments	0.00					0.00

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FY 98-04						
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
OSAGE CITY #2127						OSAGE CITY #2127
Project Payments	1,790,765.64	48,809.50	430,906.54	38,737.50	251,154.93	2,560,374.11
Interest Accrued	24,977.18					24,977.18
Principal Outstanding	1,818,055.52					2,463,203.13
Fees Accrued	2,312.70					2,312.70
Principal Payments	0.00	64,338.65		60,122.21		124,460.86
Interest Payments	0.00	33,717.98		37,577.09		71,295.07
Fee Payments	0.00	3,122.03		3,479.36		6,601.39
OSAGE CO. RWD #3 #2382						OSAGE CO. RWD #3 #2382
Project Payments	0.00			125,855.56	374,144.44	500,000.00
Interest Accrued	0.00					0.00
Principal Outstanding	0.00					500,000.00
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	0.00					0.00
Fee Payments	0.00					0.00
OSAGE CO. RWD #4 #2127						OSAGE CO. RWD #4 #2127
Project Payments	141,026.03				108,973.97	250,000.00
Interest Accrued	0.00					0.00
Principal Outstanding	141,026.03					250,000.00
Fees Accrued	0.00					0.00
Principal Payments	0.00					0.00
Interest Payments	0.00	159.17		2,953.17		3,112.34
Fee Payments	0.00	14.93		277.11		292.04
OSAWATOMIE #2128						OSAWATOMIE #2128
Project Payments	901,480.65					901,480.65
Interest Accrued	0.00					0.00
Principal Outstanding	847,430.82					815,451.01
Fees Accrued	0.00					0.00
Principal Payments	54,049.83	15,890.92		16,088.89		86,029.64
Interest Payments	13,594.97	16,230.23		16,048.72		45,873.92
Fee Payments	1,232.72	1,471.65		1,455.19		4,159.56

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		FY 98-04					
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
OSBORNE #2129							OSBORNE #2129
Project Payments	276,504.76						276,504.76
Interest Accrued	0.00						0.00
Principal Outstanding	247,878.16						237,535.98
Fees Accrued	0.00						0.00
Principal Payments	28,626.60	5,118.75		5,223.43			38,968.78
Interest Payments	35,733.75	4,635.32		4,539.60			44,908.67
Fee Payments	3,344.05	433.79		424.83			4,202.67
OVERBROOK #2300							OVERBROOK #2300
Project Payments	131,111.88		2,100.00				133,211.88
Interest Accrued	0.00						0.00
Principal Outstanding	127,849.73						123,352.00
Fees Accrued	0.00						0.00
Principal Payments	3,262.15	3,279.67		3,318.06			9,859.88
Interest Payments	4,330.79	2,423.26		2,388.11			9,142.16
Fee Payments	398.89	223.20		219.96			842.05
PARSONS #2136							PARSONS #2136
Project Payments	9,124,347.33	75,652.67					9,200,000.00
Interest Accrued	0.00						0.00
Principal Outstanding	7,425,804.47						7,124,295.51
Fees Accrued	0.00						0.00
Principal Payments	1,698,542.86	187,265.54		189,896.09			2,075,704.49
Interest Payments	932,045.87	138,119.96		135,715.63			1,205,881.46
Fee Payments	87,692.50	12,995.16		12,768.94			113,456.60
PARSONS 2 #2394							PARSONS 2 #2394
Project Payments	0.00	1,202,025.31	641,797.25	673,547.36	106,377.80		2,623,747.72
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						2,623,747.72
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00			20,511.75			20,511.75
Fee Payments	0.00			2,149.44			2,149.44

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BORROWER AND PROJECT NO.		FY 98-04					TOTAL
		TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	
PLEASANTON #2348							PLEASANTON #2348
Project Payments	0.00	62,125.00	47,000.00			17,732.72	126,857.72
Interest Accrued	0.00						0.00
Principal Outstanding	0.00						126,857.72
Fees Accrued	0.00						0.00
Principal Payments	0.00						0.00
Interest Payments	0.00				964.42		964.42
Fee Payments	0.00				103.23		103.23
POTTAWATOMIE CO. RWD #3 #2302							POTTAWATOMIE CO. RWD #3 #2302
Project Payments	480,398.53				(1,183.43)		479,215.10
Interest Accrued	0.00						0.00
Principal Outstanding	480,398.53						456,661.81
Fees Accrued	0.00						0.00
Principal Payments	0.00	11,307.59			11,245.70		22,553.29
Interest Payments	5,100.47	8,527.88			8,584.36		22,212.71
Fee Payments	487.75	815.50			820.91		2,124.16
POTWIN #2396							POTWIN #2396
Project Payments	0.00		11,450.10	114,973.86		18,536.46	144,960.42
Interest Accrued	0.00			35.90			35.90
Principal Outstanding	0.00						145,000.00
Fees Accrued	0.00			3.68			3.68
Principal Payments	0.00						0.00
Interest Payments	0.00						0.00
Fee Payments	0.00						0.00
PWWSD #4 #2135							PWWSD #4 #2135
Project Payments	1,118,666.19						1,118,666.19
Interest Accrued	5,018.10						5,018.10
Principal Outstanding	914,912.23						869,666.27
Fees Accrued	469.61						469.61
Principal Payments	209,241.67	22,394.00		22,851.96			254,487.63
Interest Payments	190,603.63	17,108.86		16,690.09			224,402.58
Fee Payments	17,837.23	1,601.10		1,561.91			21,000.24

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BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
PWWSD #4-2 #2303							PWWSD #4-2 #2303
Project Payments	530,710.26					530,710.26	
Interest Accrued	0.00					0.00	
Principal Outstanding	530,710.26					513,215.01	
Fees Accrued	0.00					0.00	
Principal Payments	0.00	8,662.50		8,832.75		17,495.25	
Interest Payments	10,385.47	10,048.67		9,892.81		30,326.95	
Fee Payments	959.07	927.97		913.58		2,800.62	
PWWSD #17 #2133							PWWSD #17 #2133
Project Payments	3,168,090.52					3,168,090.52	
Interest Accrued	151,951.73					151,951.73	
Principal Outstanding	3,029,603.86					2,894,006.56	
Fees Accrued	14,412.75					14,412.75	
Principal Payments	304,851.14	67,120.73		68,476.57		440,448.44	
Interest Payments	296,613.85	55,896.19		54,657.81		407,167.85	
Fee Payments	28,134.10	5,301.81		5,184.35		38,620.26	
RUSH CENTER #2200							RUSH CENTER #2200
Project Payments	67,736.42					67,736.42	
Interest Accrued	0.00					0.00	
Principal Outstanding	0.00					0.00	
Fees Accrued	0.00					0.00	
Principal Payments	67,736.42					67,736.42	
Interest Payments	5,480.47					5,480.47	
Fee Payments	433.96					433.96	
RUSSELL #2151							RUSSELL #2151
Project Payments	1,671,341.22					1,671,341.22	
Interest Accrued	3,338.64					3,338.64	
Principal Outstanding	1,364,997.58					1,302,653.46	
Fees Accrued	320.14					320.14	
Principal Payments	310,002.42	30,863.42		31,480.70		372,346.54	
Interest Payments	164,087.76	24,911.21		24,347.95		213,346.92	
Fee Payments	15,734.43	2,388.75		2,334.73		20,457.91	

PUBLIC WATER SUPPLY LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY

EXHIBIT 9
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		FY 98-04					
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL	
SALINA 1 #2153							SALINA 1 #2153
Project Payments	3,498,359.92					3,498,359.92	
Interest Accrued	93,347.77					93,347.77	
Principal Outstanding	3,099,503.21					2,961,062.53	
Fees Accrued	8,292.31					8,292.31	
Principal Payments	500,496.79	68,485.83		69,954.85		638,937.47	
Interest Payments	532,005.24	61,060.21		59,711.04		652,776.49	
Fee Payments	47,259.33	5,424.13		5,304.28		57,987.74	
SALINA 2 #2259							SALINA 2 #2259
Project Payments	4,827,858.79					4,827,858.79	
Interest Accrued	157,552.96					157,552.96	
Principal Outstanding	4,829,250.83					4,657,203.18	
Fees Accrued	14,588.25					14,588.25	
Principal Payments	170,749.17	85,144.71		86,902.94		342,796.82	
Interest Payments	182,124.88	91,272.84		89,663.61		363,061.33	
Fee Payments	16,863.43	8,451.19		8,302.19		33,616.81	
SALINE CO. RWD #4 #2305							SALINE CO. RWD #4 #2305
Project Payments	33,802.82					33,802.82	
Interest Accrued	0.00					0.00	
Principal Outstanding	0.00					0.00	
Fees Accrued	0.00					0.00	
Principal Payments	33,802.82					33,802.82	
Interest Payments	573.77					573.77	
Fee Payments	54.86					54.86	
SEVERY #2156							SEVERY #2156
Project Payments	143,624.00					143,624.00	
Interest Accrued	0.00					0.00	
Principal Outstanding	127,412.96					122,169.19	
Fees Accrued	0.00					0.00	
Principal Payments	16,211.04	2,591.76		2,652.01		21,454.81	
Interest Payments	16,723.23	2,739.38		2,683.66		22,146.27	
Fee Payments	1,361.20	222.97		218.44		1,802.61	

PUBLIC WATER SUPPLY LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY

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FY 98-04

BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
SHARON SPRINGS #2306						SHARON SPRINGS #2306
Project Payments	499,972.79					499,972.79
Interest Accrued	0.00					0.00
Principal Outstanding	486,116.02					458,339.71
Fees Accrued	0.00					0.00
Principal Payments	13,856.77	13,749.29		14,027.02		41,633.08
Interest Payments	16,006.73	8,968.84		8,715.17		33,690.74
Fee Payments	1,518.26	850.70		826.64		3,195.60
SHAWNEE CO. CONS. RWD #1 #2236						SHAWNEE CO. CONS. RWD #1 #2236
Project Payments	2,635,417.82	109,007.98	333,285.00	377,342.49	130,464.34	3,585,517.63
Interest Accrued	0.00					0.00
Principal Outstanding	2,389,870.89					3,189,194.96
Fees Accrued	0.00					0.00
Principal Payments	245,546.93	67,074.80		83,700.94		396,322.67
Interest Payments	113,934.22	43,271.85		51,704.93		208,911.00
Fee Payments	9,726.07	3,693.93		4,413.85		17,833.85
SHAWNEE CO. RWD #3 #2158						SHAWNEE CO. RWD #3 #2158
Project Payments	915,770.14					915,770.14
Interest Accrued	0.00					0.00
Principal Outstanding	786,543.52					750,882.88
Fees Accrued	0.00					0.00
Principal Payments	129,226.62	17,649.85		18,010.79		164,887.26
Interest Payments	141,334.95	14,708.36		14,378.31		170,421.62
Fee Payments	13,226.54	1,376.46		1,345.57		15,948.57
SPIVEY #2160						SPIVEY #2160
Project Payments	78,000.00					78,000.00
Interest Accrued	0.00					0.00
Principal Outstanding	54,726.95					49,911.24
Fees Accrued	0.00					0.00
Principal Payments	23,273.05	2,383.13		2,432.58		28,088.76
Interest Payments	15,093.03	1,039.81		994.53		17,127.37
Fee Payments	1,390.13	95.77		91.60		1,577.50

PUBLIC WATER SUPPLY LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY

EXHIBIT 9
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Borrower and Project No.		FY 98-04					TOTAL	
		TOTAL	9/30/04	12/31/04	3/31/05	6/30/05		
SPRING HILL #2367							SPRING HILL #2367	
Project Payments		913,568.28	714,356.74	180,987.22		12,246.66		1,821,158.90
Interest Accrued		0.00	13,937.65					13,937.65
Principal Outstanding		913,568.28						1,836,518.77
Fees Accrued		0.00	1,422.22					1,422.22
Principal Payments		0.00						0.00
Interest Payments		0.00			29,941.22			29,941.22
Fee Payments		0.00			3,055.23			3,055.23
ST. GEORGE #2308							ST. GEORGE #2308	
Project Payments		0.00	19,600.00	180,400.00	282,869.88	6,186.25		489,056.13
Interest Accrued		0.00						0.00
Principal Outstanding		0.00						489,056.13
Fees Accrued		0.00						0.00
Principal Payments		0.00						0.00
Interest Payments		0.00			1,946.52			1,946.52
Fee Payments		0.00			210.26			210.26
STERLING #2211							STERLING #2211	
Project Payments		469,032.25						469,032.25
Interest Accrued		17,921.98						17,921.98
Principal Outstanding		459,453.22						429,075.99
Fees Accrued		1,659.45						1,659.45
Principal Payments		29,160.46	15,033.39		15,343.84			59,537.69
Interest Payments		22,751.04	8,683.67		8,399.53			39,834.24
Fee Payments		2,106.58	804.04		777.73			3,688.35
STOCKTON #2163							STOCKTON #2163	
Project Payments		2,800,000.00						2,800,000.00
Interest Accrued		0.00						0.00
Principal Outstanding		2,512,519.53						2,402,454.10
Fees Accrued		0.00						0.00
Principal Payments		287,480.47	54,487.84		55,577.59			397,545.90
Interest Payments		278,279.47	45,853.48		44,859.08			368,992.03
Fee Payments		26,684.30	4,396.90		4,301.55			35,382.75

PUBLIC WATER SUPPLY LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY

EXHIBIT 9
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FY 98-04						
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
STRONG CITY #2237						STRONG CITY #2237
Project Payments	141,680.61	25,291.81	8,403.60	67,577.49	46,219.03	289,172.54
Interest Accrued	0.00					0.00
Principal Outstanding	123,627.77					266,344.03
Fees Accrued	0.00					0.00
Principal Payments	18,052.84	2,625.65		2,150.02		22,828.51
Interest Payments	16,013.46	2,658.00		3,097.83		21,769.29
Fee Payments	1,303.41	216.35		252.15		1,771.91
SYLVAN GROVE #2164						SYLVAN GROVE #2164
Project Payments	160,901.75					160,901.75
Interest Accrued	0.00					0.00
Principal Outstanding	134,827.34					128,390.72
Fees Accrued	0.00					0.00
Principal Payments	26,074.41	3,186.60		3,250.02		32,511.03
Interest Payments	26,434.30	2,447.12		2,389.28		31,270.70
Fee Payments	2,548.76	235.95		230.37		3,015.08
ULYSSES #2171						ULYSSES #2171
Project Payments	194,707.41					194,707.41
Interest Accrued	0.00					0.00
Principal Outstanding	181,195.23					174,493.39
Fees Accrued	0.00					0.00
Principal Payments	13,512.18	3,316.77		3,385.07		20,214.02
Interest Payments	14,392.79	3,406.60		3,344.12		21,143.51
Fee Payments	1,339.76	317.10		311.28		1,968.14
VALLEY CENTER #2174						VALLEY CENTER #2174
Project Payments	2,914,891.07					2,914,891.07
Interest Accrued	17,714.63					17,714.63
Principal Outstanding	2,254,351.36					2,109,278.87
Fees Accrued	2,067.79					2,067.79
Principal Payments	680,322.13	71,802.07		73,270.42		825,394.62
Interest Payments	348,072.37	42,156.37		40,813.67		431,042.41
Fee Payments	32,737.45	3,945.11		3,819.46		40,502.02

PUBLIC WATER SUPPLY LOAN FUND
PROJECT LOAN REPAYMENT AND INTEREST ACTIVITY

EXHIBIT 9
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FY 98-04						
BORROWER AND PROJECT NO.	TOTAL	9/30/04	12/31/04	3/31/05	6/30/05	TOTAL
WICHITA #2227						WICHITA #2227
Project Payments	7,220,000.00					7,220,000.00
Interest Accrued	0.00					0.00
Principal Outstanding	6,606,965.01					6,356,320.52
Fees Accrued	0.00					0.00
Principal Payments	613,034.99	123,869.87		126,774.62		863,679.48
Interest Payments	847,459.38	143,371.14		140,683.16		1,131,513.68
Fee Payments	68,343.49	11,562.20		11,345.42		91,251.11
WINFIELD #2181						WINFIELD #2181
Project Payments	2,267,101.06					2,267,101.06
Interest Accrued	58,509.73					58,509.73
Principal Outstanding	2,214,524.65					2,173,348.42
Fees Accrued	5,374.91					5,374.91
Principal Payments	116,461.05			41,176.23		157,637.28
Interest Payments	130,727.82			41,418.27		172,146.09
Fee Payments	12,009.12			3,804.83		15,813.95
WINFIELD 2 #2233						WINFIELD 2 #2233
Project Payments	1,977,889.01	718,424.52	1,950,666.00	718,570.75	180,711.29	5,546,261.57
Interest Accrued	0.00	22,239.79		62,819.15		85,058.94
Principal Outstanding	1,977,889.01					5,599,662.78
Fees Accrued	0.00	2,269.38		6,410.11		8,679.49
Principal Payments	0.00	40,337.22				40,337.22
Interest Payments	0.00	42,186.69				42,186.69
Fee Payments	0.00	3,875.42				3,875.42
Total Project Payments	160,278,087.68	15,597,866.76	15,734,797.95	8,877,780.48	9,684,903.35	210,173,436.22
Total Interest Accrued	1,274,472.73	36,444.56	0.00	81,134.92	0.00	1,392,052.21
Total Principal Outstanding	145,791,069.12	12,515,990.85	15,584,797.95	5,346,873.69	9,684,903.35	188,923,634.96
Total Fees Accrued	117,883.76	3,718.71	0.00	8,318.46	0.00	129,920.93
Total Principal Payments	15,879,375.05	3,122,039.18	150,000.00	3,620,360.17	0.00	22,771,774.40
Total Interest Payments	12,745,674.07	2,634,664.33	0.00	3,016,217.14	0.00	18,396,555.54
Total Fee Payments	1,159,288.18	240,523.34	0.00	278,347.18	0.00	1,678,158.70

EXHIBIT 10

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND
Schedule of Cumulative Federal Awards
June 30, 2005

	CFDA Number	Award	Federal Expenditures	Undisbursed Balance
U.S. Environmental Protection Agency: Kansas				
Department of Health and Environment - Drinking				
Water State Revolving Loan Fund Capitalization				
Grants -				
Federal Fiscal Year 1997	66.468	\$ 14,095,000	\$ 14,095,000	\$ -
Federal Fiscal Year 1998	66.468	10,008,100	10,008,100	-
Federal Fiscal Year 1999	66.468	10,489,400	10,489,400	-
Federal Fiscal Year 2000	66.468	10,901,500	10,901,500	-
Federal Fiscal Year 2001	66.468	10,946,600	10,657,476	289,124
Federal Fiscal Year 2002	66.468	9,234,700	8,354,686	880,014
Federal Fiscal Year 2003	67.468	9,179,200	8,812,032	367,168
Federal Fiscal Year 2004	67.468	9,522,100	9,141,216	380,884
Total Capitalization Grants		\$ 84,376,600	\$ 82,459,410	\$ 1,917,190
1997 Capitalization Grant				
Leveraged bond reserve fund		11,776,871	11,776,871	-
Program administration account		563,800	563,800	-
Technical assistance account		281,900	281,900	-
State program management account		317,929	317,929	-
Source water assessment account		1,154,500	1,154,500	-
Totals		\$ 14,095,000	\$ 14,095,000	\$ -
1998 Capitalization Grant				
Leveraged bond reserve fund		9,407,614	9,407,614	-
Program administration account		400,324	400,324	-
Technical assistance account		200,162	200,162	-
State program management account		-	-	-
Totals		\$ 10,008,100	\$ 10,008,100	\$ -
1999 Capitalization Grant				
Leveraged bond reserve fund		9,860,036	9,860,036	-
Program administration account		419,576	419,576	-
Technical assistance account		209,788	209,788	-
State program management account		-	-	-
Totals		\$ 10,489,400	\$ 10,489,400	\$ -
2000 Capitalization Grant				
Leveraged bond reserve fund		10,393,127	10,393,127	-
Program administration account		436,060	436,060	-
Technical assistance account		72,313	72,313	-
State program management account		-	-	-
Totals		\$ 10,901,500	\$ 10,901,500	\$ -

STATE OF KANSAS
PUBLIC WATER SUPPLY LOAN FUND
Schedule of Cumulative Federal Awards
June 30, 2005 (Continued)

	CFDA Number	Award	Federal Expenditures	Undisbursed Balance
2001 Capitalization Grant				
Leveraged bond reserve fund		9,827,552	9,827,552	-
Program administration account		437,864	295,690	142,174
Technical assistance account		218,932	218,932	-
State program management account		102,252	102,252	
Capacity development 1452K (1)b		360,000	213,050	146,950
Totals		<u>\$ 10,946,600</u>	<u>\$ 10,657,476</u>	<u>\$ 289,124</u>
2002 Capitalization Grant				
Leveraged bond reserve fund		8,195,618	8,195,618	-
Program administration account		369,388	-	369,388
Technical assistance account		184,694	144,068	40,626
State program management account		230,000	15,000	215,000
Other authorized activities 1452K (1)b		255,000	-	255,000
Totals		<u>\$ 9,234,700</u>	<u>\$ 8,354,686</u>	<u>\$ 880,014</u>
2003 Capitalization Grant				
Leveraged bond reserve fund		8,812,032	8,812,032	-
Program administration account		367,168	-	367,168
Technical assistance account		-	-	-
State program management account		-	-	-
Totals		<u>\$ 9,179,200</u>	<u>\$ 8,812,032</u>	<u>\$ 367,168</u>
2004 Capitalization Grant				
Leveraged bond reserve fund		9,141,216	9,141,216	-
Program administration account		380,884	-	380,884
Technical assistance account		-	-	-
State program management account		-	-	-
Totals		<u>\$ 9,522,100</u>	<u>\$ 9,141,216</u>	<u>\$ 380,884</u>
Program Totals				
Leveraged bond reserve fund		77,414,066	77,414,066	-
Program administration account		3,375,064	2,115,450	1,259,614
Technical assistance account		1,167,789	1,127,163	40,626
State program management account		650,181	435,181	215,000
Other authorized activities 1452K (1)b		615,000	213,050	-
Source water assessment account		1,154,500	1,154,500	-
Totals		<u>\$ 84,376,600</u>	<u>\$ 82,459,410</u>	<u>\$ 1,917,190</u>

EXHIBIT 11

APPENDIX A
2005 PROJECT PRIORITY LIST

July 1, 2004

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Accumulative Amount \$
* Almena	2392	43	Wells, Storage Tank, Chlorination Bld., Waterline	\$1,065,000	\$1,065,000
* Osborne Co RWD #1A	2414	35	New Water Source to Reduce Nitrates	\$75,000	\$1,140,000
PWWSD # 12	2349	35	Water Treatment Plant and Distribution Improvement	\$11,616,600	\$12,756,600
* Arlington	2385	33	New Well and Existing Well Rehab	\$250,000	\$13,006,600
* Atlanta	2360	33	Filter Plant	\$350,000	\$13,356,600
* Valley Falls	2391	31	Treatment Plant Improvements and Waterline Upgrade	\$1,680,400	\$15,037,000
* Argonia	2344	28	Water Line Replacement	\$900,000	\$15,937,000
* Norton	2260	26	Water Treatment Plant Upgrade and Rehabilitation	\$2,882,000	\$18,819,000
* Conway Springs	2347	25	Nitrate Treatment and Water Line	\$1,130,000	\$19,949,000
* Crawford Co RWD #7	2358	25	Distribution Line Replacement and Water Storage	\$398,460	\$20,347,460
* Carbondale	2413	23	New Water Treatment Plant and Transmission Line	\$1,849,000	\$22,196,460
* Jennings	2393	23	New Well, Watermain Repl. and Looping, New Meters	\$1,249,950	\$23,446,410
* Osage Co. RWD #3	2382	20	Water Treatment Plant Improvements	\$500,000	\$23,946,410
* Valley Center	2406	20	Extnd Service, Additional Source, Looping	\$1,372,910	\$25,319,320
* Kanorado	2384	18	Well Rehab and Distribution Line Replacement	\$1,029,508	\$26,348,828
Emporia	2276	16	Water Treatment Plant Upgrade	\$3,500,000	\$29,848,828
* Girard	2352	16	Water Tower Construction	\$900,000	\$30,748,828
* Little River	2330	16	Phase II Distribution System Improvements	\$1,381,112	\$32,129,940
* Louisburg	2354	16	New Water Treatment Plant/Regional WSD	\$14,800,000	\$46,929,940
* Minneapolis	2390	16	Iron and Manganese Treatment Facility	\$3,000,000	\$49,929,940
* Douglas Co RWD #4	2402	15	Pump Station and Water Line Replacement	\$500,000	\$50,429,940
Kansas City BPU	2379	15	Nearman Baisn Train Expansion	\$9,000,000	\$59,429,940
* Coffeyville	2377	13	Water Line Replacement	\$287,500	\$59,717,440
* Ellis	2374	13	New Well Construction	\$300,000	\$60,017,440
* Hamilton Co RWD #1	2365	13	Standpipe Rehab and Valve Replacement	\$28,000	\$60,045,440
* Moran	2386	13	Distribution System Replacement	\$434,000	\$60,479,440
* Ransom	2397	13	Water Main, Valve Repl. and Chlorination Bld Improv.	\$1,500,000	\$61,979,440
* Council Grove	2246	11	New Raw Water Supply line from Federal Reservoir	\$100,000	\$62,079,440
* Hillsboro	2408	11	Water Line Replacement	\$250,000	\$62,329,440
* St. Marys	2375	11	Elevated Water Tower	\$750,000	\$63,079,440
* Johnson County RWD # 7	2283	10	Storage Tank and construction of Waterline	\$1,100,000	\$64,179,440
* Lecompton	2381	10	New Well and Rehab Treatment Plant	\$994,500	\$65,173,940
* Mc Pherson RWD #6	2387	10	Public Water Supply System	\$1,500,000	\$66,673,940
* Osage CO RWD # 7	2125	10	Replace 14 miles of lines	\$450,000	\$67,123,940
* Potwin	2396	10	Replace Cast Iron Water Lines	\$150,000	\$67,273,940
* Rantoul	2410	10	Water Line Replacement	\$425,000	\$67,698,940
* Tonganoxie	2401	10	Interconnect with BPU	\$2,600,000	\$70,298,940
Topeka	2371	10	Arvonja Water Main	\$1,760,000	\$72,058,940
Topeka	2372	10	Water Mains Approching Topeka Blvd Bridge	\$1,248,800	\$73,307,740
Topeka	2373	10	Oakley Transmission Mains	\$6,042,500	\$79,350,240
Leavenworth Water Dept	2369	9	Transmission Main	\$4,000,000	\$83,350,240
* Douglass	2405	8	Well for Backup supply	\$65,678	\$83,415,918
* Hanover	2395	8	Elevated Water Tower	\$400,000	\$83,815,918
* Holyrood	2068	8	Loop lines	\$300,000	\$84,115,918
* Pleasanton	2240	8	Water Transmission Main & Looping	\$288,400	\$84,404,318
* Cherokee Co RWD #4	2368	6	Standby Generator	\$45,000	\$84,449,318
* Phillipsburg	2415	6	Additional Raw Water Line	\$1,100,000	\$85,549,318
* Sabetha	2152	6	Storage tank and lines	\$730,000	\$86,279,318
* Mont. Co RWD #11	2389	5	Waterline Extension and Looping	\$100,000	\$86,379,318
* Douglas Co RWD #6 ¹	2403		Water Tower and Water Line Replacement	\$1,000,000	\$87,379,318
Kansas City BPU ¹	2380		Nearman Filter Expansion	\$8,052,000	\$95,431,318
Kansas City BPU ¹	2411		Argentine 2 MG Elevated Tank	\$3,400,000	\$98,831,318
Kansas City BPU ¹	2412		Argentine 7 MG Ground Storage	\$6,800,000	\$105,631,318
* Oswego ¹	2363		Water Treatment Plant Upgrade and Secondary Source	\$3,100,000	\$108,731,318

* Communities that serve less than 5000

¹ Project will not be ready to proceed during this program year and therefore was not given a rank

EXHIBIT 12



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KANSAS PUBLIC WATER SUPPLY LOAN FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2005 AND 2004

with

INDEPENDENT AUDITORS' REPORT



MCGLADREY NETWORK

An Independently Owned Member
Worldwide Services Through RSM International

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

FINANCIAL STATEMENTS

Years Ended June 30, 2005 and 2004

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INDEPENDENT AUDITORS' REPORT

Mr. Roderick L. Bremby
Secretary of Kansas Department of Health and Environment and the
Board of Directors of the Kansas Development Finance Authority:

We have audited the accompanying statements of net assets of the Kansas Public Water Supply Loan Fund (the Fund), an enterprise fund of the State of Kansas, as of June 30, 2005 and 2004, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the financial position, results of operations and cash flows of the Fund. They do not purport to and do not present fairly the financial position of the State of Kansas as of June 30, 2005 and 2004 and results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2005 and 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2005, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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The management's discussion and analysis on pages 3 – 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Fund's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Allen, Gibbs & Houlik, L.C.

September 8, 2005

Berberich Trahan & Co., P.A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Kansas Public Water Supply Loan Fund

For the years ended June 30, 2005 and 2004

The Kansas Public Water Supply Loan Fund provides financial assistance to Kansas municipalities in the form of loans for the construction of public water supply system infrastructure. The Fund is comprised of federal capitalization grants, proceeds of revenue bonds issued to provide required state-matching monies, proceeds of revenue bonds issued to leverage the program and recycled monies.

In this seventh year of operation, the continued success of the Fund is shown below by providing project funding for the additional Public Water Supply needs of Kansas communities.

During the fiscal year ended June 30, 2005:

- ❑ FFY 2004 federal capitalization grant award of \$9,522,100 was received
- ❑ Federal capitalization grant dollars drawn down: \$10,273,486 for the leveraged bond reserve and \$839,476 for administration and other set-aside expenses
- ❑ Revenue bonds issued:
 - State match bonds issued \$9,695,000
 - Leveraged bonds issued \$166,315,000
- ❑ Total available for loans-unexpended: \$75,478,415 leveraged and \$20,603,599 recycled.
- ❑ Total loan agreements: 127 loans totaling \$290,457,702 of which \$211,695,409 has been paid in project payments
- ❑ Loan agreements:
 - New loans \$29,658,293 (14 loans) and 1 loan rescinded \$800,000
 - Loan amendments: 11 increase amendments totaling \$9,077,051 and 16 decrease amendments totaling -\$6,473,176
- ❑ Disbursements for project costs: \$50,024,965
- ❑ Average monthly disbursements FY2005: \$4,168,747
- ❑ Average monthly disbursements program-to-date: \$2,405,576
- ❑ Completed projects: 11 totaling: \$9,027,267
- ❑ Total revenue bond debt service paid: \$15,203,861
- ❑ Excess loan repayments and earnings transferred to the general recycled loan account: \$0 due to rebate funding requirements.

The Kansas Public Water Supply Loan Fund (the Fund) is reported as an enterprise fund of the State of Kansas. As such, we prepare three basic financial statements, notes to the financial statements and required supplementary information including this Management's Discussion and Analysis (MD&A). The Statement of Net Assets presents the assets and liabilities of the Fund. Assets consist of cash, interest receivables from loans and investments, investments of idle funds and reserve funds, and loan receivables. Liabilities include revenue bond interest and other accounts payable, arbitrage payable, and revenue bonds payable. Net assets include the federal capitalization grants and State contribution deposited to the bond reserve account and the excess earnings of the Fund's operations since inception.

Kansas Public Water Supply Loan Fund's Net Assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 17,099,136	\$ 16,553,446	\$ 14,286,136
Noncurrent assets	353,139,940	249,746,046	237,881,203
Total assets	370,239,076	266,299,492	252,167,339
Long-term liabilities outstanding	264,350,064	176,824,999	183,238,567
Other liabilities	11,806,659	8,707,612	7,515,118
Total liabilities	276,156,723	185,532,611	190,753,685
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Restricted	94,082,353	80,766,881	61,413,654
Unrestricted	-	-	-
Total net assets	\$ 94,082,353	\$ 80,766,881	\$ 61,413,654

The increase in current assets for the year ended June 30, 2004, of over \$2.2 million was due in part to the \$1,750,000 in loan prepayments and \$667,000 added to the general recycled loan account that had not yet been placed in an external investment account. The \$667,000 represents the excess of loan repayments over bond debt service payments, net of arbitrage rebate requirements. Other factors include: 1) a \$413,000 increase in loan interest and service fees receivable, 2) an increase of \$330,000 in the ending balance of the service fees collected, 3) a \$375,000 decrease in the restricted cash-rebate account due to a significant remittance to the IRS, 4) an \$85,000 increase in the ending balances of the Revenue Fund accounts and the loan origination fees account, and 5) a \$636,000 decrease in investment interest receivable due to the decrease in the investment balances. The decrease in the investment balances was due to the disbursement of over \$34.1 million in project payments during fiscal year 2004.

The increase in current assets for the year ended June 30, 2005, of \$546,000 was due to normal Program operating activities including: 1) cash decreased by \$1.7 million due mainly to the use of \$1.8 million of loan prepayments to refund outstanding revenue bonds, 2) \$1.1 million increase in current restricted cash rebate account due to a rebate remittance due in August 2005, 3) a \$400,000 increase in investment interest receivable, 4) an increase of \$631,000 in loan interest receivable and 5) an increase of \$121,000 in other receivables. The increase in the investment interest receivable balance was due to the investment of a large portion of the 2004 bond proceeds and leveraged bond reserve money even though the investment proceeds of \$42 million were used for project payments made during the year.

The bonds issued for this Program are tax-exempt revenue bonds. As a requirement for issuance of tax-exempt bonds, the Internal Revenue Service requires issuers to calculate and remit the amount of earnings attributable to the bonds that is in excess of the cost of the debt. For this Program, as of June 30, 2005, a rebate liability of \$1,656,393 exists for the Series 1997, 1998 and 2000 bonds. This rebate liability is being incrementally funded from the excess revenues available following each semiannual bond debt service payment. There is no rebate liability for the Series 2002 or 2004 bonds as of June 30, 2005. The next remittance to the IRS is due in August 2005 for the 2000 bonds in an amount of \$1,473,975. Please refer to the notes to the financial statements for more information on debt activity.

The Statement of Revenues, Expenses and Changes in Fund Net Assets provides information about the Fund resources and uses of those resources. This statement demonstrates that sufficient resources were generated to cover expenses during the fiscal year. The change in net assets as of June 30, 2005, was \$13,315,472. The Fund operating revenues increased by 22.0% due to increased loan interest repayments, service fee revenue and grant revenue. The Fund operating expenses increased by 10.8%; however, program administrative costs (set-asides) decreased 2.8%. Nonoperating revenues increased 10.3% due to increased returns on investments and nonoperating expenses increased 3.0% due to bond interest expense. \$10.3 million was drawn down from federal

capitalization grants and deposited into the leveraged bond reserve account. The federal capitalization grant in the amount of \$9,522,100 for FFY2004 was awarded prior to June 30, 2005, and \$380,884 of the grant has not been drawn down.

The change in net assets as of June 30, 2004, was \$19,353,227. The Fund operating revenues increased by 19.1% due to increased loan interest repayments and grant revenue. The Fund operating expenses decreased by 38.4%; however, program administrative costs (set-asides) decreased 2.2%. Nonoperating revenues decreased 27.5% and nonoperating expenses decreased 1.8% due to reduced returns on investments and bond interest expense. \$17.9 million was drawn down from federal capitalization grants and deposited into the leveraged bond reserve account. The federal capitalization grant in the amount of \$9,179,200 for FFY 2003 was awarded prior to June 30, 2004, and \$1,499,438 of the grant had not been drawn down at June 30, 2004.

Kansas Public Water Supply Loan Fund's Changes in Net Assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:			
Operating revenues:			
Loans	\$ 6,399,295	\$ 5,004,774	\$ 4,058,956
Grants	837,125	1,002,491	943,939
Service fees	594,198	455,904	367,520
Other	168,115	91,829	131,422
Nonoperating revenues:			
Investment income:			
Bond reserve fund	3,125,045	2,753,855	2,713,562
Other invested funds	2,417,717	2,271,443	4,213,330
Total revenues	<u>13,541,495</u>	<u>11,580,296</u>	<u>12,428,729</u>
Expenses:			
Operating expenses:			
Program administration-federal	378,011	369,970	318,241
Other program set-asides	482,009	598,926	624,837
Program administration-other	211,382	133,495	183,712
Arbitrage rebate	(77,691)	(205,824)	329,073
Nonoperating expenses:			
Bond issuance costs amortized	138,452	130,219	131,992
Bond interest, premium and discount	9,367,346	9,098,451	9,267,045
Total expenses	<u>10,499,509</u>	<u>10,125,237</u>	<u>10,854,900</u>
Increase in net assets before contributions and transfers	3,041,986	1,455,059	1,573,829
Capital contributions:			
Capitalization grants, net of recognized administrative grants	10,273,486	17,898,168	-
Increase in net assets	<u>13,315,472</u>	<u>19,353,227</u>	<u>1,573,829</u>
Total net assets – beginning of fiscal year as previously stated	<u>80,766,881</u>	<u>61,413,654</u>	<u>59,427,062</u>
Prior period adjustment			412,763
Total net assets – beginning of fiscal year as restated	<u>80,766,881</u>	<u>61,413,654</u>	<u>59,839,825</u>
Total net assets – end of fiscal year	<u>\$ 94,082,353</u>	<u>\$ 80,766,881</u>	<u>\$ 61,413,654</u>

The Statement of Cash Flows is provided to identify the sources and the uses of cash during the fiscal year and to demonstrate that the Fund has sufficient cash to meet its obligations. The Fund experienced a net decrease in cash as of June 30, 2005, of \$61,382. This decrease was due to normal Program operating activities.

For the fiscal year ended June 30, 2004, the Fund experienced a net increase in cash of \$20.8 million. The majority of this increase is the result of deposits of \$17.9 million in the leveraged bond reserve account that had not yet been invested in an external long-term investment. The balance of the increase is due to routine Program operations.

This report is intended to provide financial information about the Kansas Public Water Supply Loan Fund to State of Kansas and United States Environmental Protection Agency officials, investors and other interested parties and to discuss the activity and success of the Fund. For additional information you may contact Dave Waldo, Program Manager, Kansas Department of Health and Environment or Annette Witt, Central Accounting Manager, Department of Administration.

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

STATEMENTS OF NET ASSETS
JUNE 30, 2005 AND 2004

	2005	2004
ASSETS		
Current assets:		
Cash	\$ 10,964,734	\$ 12,670,267
Restricted cash - arbitrage rebate 2000 series	1,100,000	-
Investment interest receivable	1,742,291	1,342,429
Loan interest receivable	2,856,758	2,225,924
Other receivables	435,353	314,826
Total current assets	17,099,136	16,553,446
Noncurrent assets:		
Restricted cash - arbitrage rebate 2000 series	-	650,000
Restricted cash - loan reserve earnings	38,729	15,375
Investments	86,920,863	25,498,550
Loans	188,923,635	145,791,069
Loan reserve accounts	3,625,212	3,331,032
Debt service reserve fund - investments	42,140,091	44,480,002
Debt service reserve fund - cash	28,831,375	27,660,578
Bond issuance costs, net of amortization	2,660,035	2,319,440
Total noncurrent assets	353,139,940	249,746,046
Total assets	370,239,076	266,299,492
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	119,493	88,963
Bond interest payable	3,168,191	2,248,649
Revenue bonds payable, current	7,045,000	6,370,000
Total current liabilities	10,332,684	8,707,612
Current liabilities payable from restricted assets:		
Arbitrage rebate payable	1,473,975	-
Noncurrent liabilities:		
Arbitrage rebate payable	182,418	1,734,084
Loan reserve accounts payable	3,672,950	3,349,659
Revenue bonds payable, long-term, net	269,523,739	171,741,256
Deferred amounts on refunding	(9,029,043)	-
Total noncurrent liabilities	264,350,064	176,824,999
Total liabilities	276,156,723	185,532,611
NET ASSETS		
Invested in capital assets, net of related debt	-	-
Restricted net assets	94,082,353	80,766,881
Unrestricted net assets	-	-
Total net assets	\$ 94,082,353	\$ 80,766,881

See accompanying notes to financial statements.

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Operating revenues:		
Loans	\$ 6,399,295	\$ 5,004,774
Grant revenue	837,125	1,002,491
Service fee revenue	594,198	455,904
Other revenue	168,115	91,829
Total operating revenues	7,998,733	6,554,998
Operating expenses:		
Program administration-federal	378,011	369,970
Program administration-other federal set-asides	482,009	598,926
Program administration-other	211,382	133,495
Arbitrage rebate (reduction)	(77,691)	(205,824)
Total operating expenses	993,711	896,567
Operating income	7,005,022	5,658,431
Nonoperating revenues (expenses):		
Investment income:		
Bond reserve fund	3,125,045	2,753,855
Other investment income	2,417,717	2,271,443
Capital contributions-capitalization grants, net of recognized administrative grants	10,273,486	17,898,168
Bond issuance costs	(138,452)	(130,219)
Interest expense - bonds	(9,367,346)	(9,098,451)
Total nonoperating revenues (expenses)	6,310,450	13,694,796
Change in net assets	13,315,472	19,353,227
Total net assets, beginning of year	80,766,881	61,413,654
Total net assets, end of year	\$ 94,082,353	\$ 80,766,881

See accompanying notes to financial statements.

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loan principal collected	\$ 6,892,399	\$ 6,594,209
Loans disbursed	(50,024,965)	(34,117,752)
Interest received on loans	5,768,461	4,591,772
Program administration expenses	(860,019)	(968,896)
Arbitrage rebate paid	-	(493,993)
Service fees received	530,907	416,565
Other revenue	112,770	46,657
Service fees paid	(182,744)	(120,666)
Capitalization grant for administrative costs	837,125	1,002,491
Net cash used in operating activities	(36,926,066)	(23,049,613)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Bond principal paid	(6,370,000)	(4,555,000)
Bond interest paid	(8,833,860)	(9,200,597)
Capitalization grant for reserve fund	10,273,486	17,898,168
Bond proceeds, including premium	187,855,844	-
Deferred defeasance	(91,671,348)	-
Bond issuance costs paid	(479,047)	-
Net cash provided by noncapital financing activities	90,775,075	4,142,571
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	42,020,287	34,117,751
Proceeds from sales and maturities of debt service reserve funds	15,470,189	-
Purchase of investments	(116,572,878)	-
Interest received on investments and debt service reserve funds	5,142,900	5,661,449
Increase in loan reserve accounts	(294,180)	(218,629)
Increase in loan reserve payables	323,291	191,152
Net cash provided by (used in) investing activities	(53,910,391)	39,751,723
Net increase (decrease) in cash	(61,382)	20,844,681
Cash, beginning of year	40,996,220	20,151,539
Cash, end of year	\$ 40,934,838	\$ 40,996,220
Cash consists of:		
Cash	\$ 10,964,734	\$ 12,670,267
Debt service reserve fund - cash	28,831,375	27,660,578
Restricted cash - 2000 series	1,100,000	650,000
Restricted cash - loan reserve earnings	38,729	15,375
	\$ 40,934,838	\$ 40,996,220

**KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2005 AND 2004**

	2005	2004
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,005,022	\$ 5,658,431
Adjustments to reconcile operating income to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Loans receivable	(43,132,566)	(27,523,543)
Loan interest receivable	(630,834)	(413,002)
Other receivables	(120,527)	(16,419)
Accounts payable and accrued expenses	30,530	(55,263)
Arbitrage rebate payable	(77,691)	(699,817)
Net cash used in operating activities	<u>\$ (36,926,066)</u>	<u>\$ (23,049,613)</u>

See accompanying notes to financial statements.

KANSAS PUBLIC WATER SUPPLY LOAN FUND

(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Description of Program – The Kansas Public Water Supply Loan Fund (the Fund) was established pursuant to Kansas Statutes Annotated (K.S.A.) 65-163d et. seq. in 1994 by the Kansas Legislature. The Fund was created to implement the State of Kansas' (Kansas or the State) participation under the Federal Safe Drinking Water Act (the Federal Act) as amended by the Safe Drinking Water Act Amendments of 1996. Under Kansas law, the Secretary of the Kansas Department of Health and Environment (KDHE) administers the Public Water Supply Loan Program (the Program). The Federal Act authorizes the Environmental Protection Agency (EPA) to award capitalization grants for deposit into state funds in order to provide financial assistance for construction and management of public water supply systems. The Program is the response by the State to federal law changes governing the development of publicly owned, public water supply systems including the financing, construction and management of those systems. The state fund may be used to make loans, fund debt service reserves and provide other types of financial assistance to public entities. Initial funding for the Program is to be provided by the EPA capitalization grants and proceeds of bonds which will provide State match funds. The State match funds must be equal to 20% of the federal capitalization grants. The Fund is to be established, maintained and credited with loan repayments and the Fund equity is to be available in perpetuity for providing such financial assistance.

Loans are made to municipalities, as defined by the K.S.A., from the Fund for eligible project costs. Kansas Administrative Regulation 28-15-52 established the interest rates for the loans, together with fees set for servicing the loans, to be an amount equal to 80% of the previous three months' average "bond buyers 20 bond index" as published each week of the preceding three months. KDHE administers the aspects of the Program relating to selection of projects and the making of loans to eligible municipalities. The Department of Administration administers the accounting and reporting aspects of the Program relating to the receipt and disbursement of monies within the Fund including disbursement of loans to municipalities and billing and collecting of loan repayments. The Kansas Development Finance Authority (KDFA) issues revenue bonds for the State matching funds needed and for leveraged borrowing for the Fund. Monies in the Fund are deposited with the Treasurer of the State of Kansas (the Treasurer).

Basis of Presentation – The Fund is an enterprise fund of the State. In reporting its financial activity, the Fund has elected to apply applicable Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989. The Fund has elected not to follow subsequent private-sector guidance.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Basis of Accounting – The financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of accounting refers to when revenues, expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. The financial statements are prepared on the accrual basis of accounting and on an economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Fund meets the cash flow needs of its activities.

Cash – Cash includes balances on deposit with the Treasurer.

Investments – The Fund invests in repurchase agreements. These investments are stated at cost as they are not negotiable or transferable and are not affected by market fluctuations.

Loans and Other Receivables – Receivables include interest earnings, current loan repayments due and loan principal balances outstanding. All receivables are considered collectable; therefore, no allowance account has been established.

Debt Service Reserve Fund – The debt service reserve fund was established as required under certain bond resolutions and consists of investments in repurchase agreements. The investments are stated at cost as they are not negotiable or transferable and are not affected by market fluctuations. No trustee is required by the bond resolutions. Contractually, such investments may only be used to prevent any default in the payment of principal or interest on bonds payable.

Bond Issuance Costs, Premiums and Discounts – Bond issuance costs are being amortized over the life of the bonds using the straight-line method. Beginning with the 2002 bonds, the interest method is being used to calculate amortization of premium and discount. Prior to the 2002 issue premium and discount are being amortized on the straight-line method.

Revenues – The Fund revenues consist of operating and nonoperating revenues. Operating revenues include: 1) interest earned on loans, 2) federal grant dollars earned for administrative costs, also known as program set-asides (program administration, technical assistance, public water supply supervision grant and source water assessment) and 3) loan service fees earned. Nonoperating revenues include the investment income on bond reserves and other invested program monies and any other revenues not classified as operating revenues.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Expenses – The Fund expenses consist of operating and nonoperating expenses. Operating expenses include: 1) federal grant monies for administrative costs, also known as program set-asides (program administration, technical assistance, public water supply supervision grant and source water assessment) and 2) amounts due to the IRS for arbitrage rebate on program revenue bonds. Nonoperating expenses include: 1) revenue bond interest, 2) revenue bond issuance costs amortized and 3) revenue bond premium and discount amortized.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Currently the fund has no net assets invested in capital assets. Net assets are reported as restricted when there are external limitations imposed on their use. All assets of the program have been determined to be restricted assets in accordance with the conditions of the Public Water Supply EPA capitalization grants and bond covenants. Restricted net assets include EPA capitalization grants restricted for the 1) bond reserve fund, 2) program administration expenses, 3) technical assistance, 4) public water supply supervision grant, and 5) source water assessment. The amount of capitalization grants restricted for program administration, technical assistance, public water supply supervision grant and source water assessment is being recognized as revenue when earned. Also included in restricted net assets is an account titled "Contributed Capital – State of Kansas". The account consists of monies contributed to the Fund per K.S.A. 74-8203, as amended and supplemented.

Uses of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification - Certain amounts from the prior fiscal year have been reclassified to conform with current year presentation.

2. INVESTMENTS AND DEBT SERVICE RESERVE FUNDS

The Fund's investment policies are governed by Article IX of the Master Bond Resolution. Allowable investments for the Fund cash balances held in the State Treasury and invested through the State Pooled Money Investment Board are as follows:

- Direct obligations of, or obligations that are insured as to principal and interest by, the U.S. Government or any direct agency thereof, with maturities up to four years
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Limited interest bearing loans to various State agencies as specifically provided by law
- Certain Kansas agency and IMPACT Act projects and bonds
- High grade commercial paper

2. INVESTMENTS AND DEBT SERVICE RESERVE FUNDS (continued)

Specific Fund Investments – Cash balances not held in the State Treasury may be invested as permitted by bond documents and bond covenants. Allowable investments include:

- U.S. Government obligations
- Obligations of government-sponsored agencies
- Federal funds, unsecured certificates of deposit, time deposits and banker's acceptances
- Deposits – fully insured by FDIC
- Commercial paper
- Investments in money market funds
- Repurchase agreements
- Stripped securities
- Investments in the Municipal Investment Pool Fund
- Investment agreements
- Guaranteed investment contracts

As of June 30, 2005, the program's investment and debt service reserve fund balances were as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Investment Maturities</u>			
		<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>
Repurchase Agreements	<u>\$129,060,954</u>	<u>\$0</u>	<u>\$ 75,478,263</u>	<u>\$0</u>	<u>\$53,582,691</u>

The investments shown above include debt service reserve funds of \$42,140,091 and investments of \$86,920,863 totaling \$129,060,954.

Interest Rate Risk – Due to the tax exempt status of the bonds it is generally the practice of Fund management to match reserve fund interest rates to the arbitrage yield on the bonds and the term of the investments to the maturity of the bonds. For invested loan funds, the Fund generally invests to maximize the interest rate and set a term of investment based on estimated expenditures which is generally 3 – 5 years.

Credit Risk –The Fund holds investments that may have credit risk since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government. The investments are unrated. Certain investments have an underlying collateral agreement.

2. INVESTMENTS AND DEBT SERVICE RESERVE FUNDS (continued)

Concentration of Credit Risk – The Fund places no limit on the amount that may be invested with any one provider. The table below identifies the percent of total investments held by each provider as of June 30, 2005.

<u>Investment Provider</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Citigroup	\$9,827,552	7.62%
AIG	13,375,036	10.36%
Societe Generale	5,895,025	4.57%
Westdeutsche	11,354,800	8.80%
MBIA	13,130,278	10.17%
Bayerische	75,478,263	58.48%
TOTAL	\$129,060,954	100.00%

3. LOANS

The loans made by the Fund to the municipalities may include interest and service fees capitalized during project construction. Loans are to be repaid not later than twenty years after project completion. Principal and interest payments are due semi-annually. Interest rates on the loans outstanding at June 30, 2005, excluding the .35% service fee rate, range from 3.23% to 4.42%.

Commitments to municipalities participating in the Program and outstanding loan balances as of June 30 are as follows:

<u>Project</u>	<u>2005 Total Loan Commitment</u>	<u>2005 Cumulative Amount Loaned</u>	<u>2005 Undisbursed Loan Commitment</u>	<u>2005 Outstanding Loan Balance</u>	<u>2004 Outstanding Loan Balance</u>
Abilene	\$1,400,000	\$1,400,000	\$0	\$1,073,230	\$1,130,963
Alma	481,206	481,206	0	374,957	392,673
Almena	615,500	48,580	566,920	48,580	0
Assaria	489,000	489,000	0	437,010	453,691
Baldwin City	1,599,236	1,599,236	0	1,561,189	1,471,982
Baxter Springs	2,900,000	2,900,000	0	2,644,890	2,746,747
Burlington	4,511,250	4,199,194	312,056	4,199,194	1,833,186
Butler Co. RWD #8	816,871	816,871	0	717,958	747,733
Carbondale 1	1,350,460	1,350,460	0	995,510	1,070,501
Carbondale 2	1,449,000	62,333	1,386,667	62,333	0
Chanute 1	1,750,000	1,750,000	0	1,620,269	1,683,585
Chanute 2	684,000	0	684,000	0	0
Chetopa	1,000,000	62,500	937,500	62,500	39,300
Cimarron	1,511,421	1,511,421	0	1,252,472	1,310,748
Cloud Co. RWD #1	300,000	37,503	262,497	37,503	0
Coffeyville 1	2,443,456	2,443,456	0	2,221,355	2,295,841
Coffeyville 2	418,391	418,391	0	384,572	398,565
Coffeyville 3	625,500	0	625,500	0	0

3. LOANS (continued)

Project	2005 Total Loan Commitment	2005 Cumulative Amount Loaned	2005 Undisbursed Loan Commitment	2005 Outstanding Loan Balance	2004 Outstanding Loan Balance
Colwich	\$3,576,879	\$3,576,879	\$0	\$3,218,292	\$3,339,864
Council Grove	2,600,000	2,027,576	572,424	2,027,576	0
Crawford Co. RWD #5	579,651	579,651	0	472,731	497,376
Crawford Co. RWD #7	120,000	0	120,000	0	0
Dodge City	5,960,300	4,398,154	1,562,146	3,727,780	3,545,284
Doniphan Co. RWD #5	46,304	46,304	0	41,411	42,982
Douglas Co. RWD #4	857,696	857,696	0	827,047	857,696
Douglas Co. RWD #5	1,158,095	1,158,095	0	756,425	1,060,967
Downs	450,000	0	450,000	0	0
Edgerton	1,145,000	1,061,270	83,730	928,766	973,878
Ellsworth	2,041,438	2,041,438	0	1,877,479	1,959,792
Emporia	4,739,011	4,739,011	0	3,839,335	4,014,141
Eureka	450,000	450,000	0	376,517	393,680
Finney Co. RWD #1	2,511,217	2,511,217	0	2,078,026	2,181,260
Florence	200,000	155,428	44,572	140,654	149,263
Fort Scott 1	3,150,000	1,987,320	1,162,680	1,987,320	0
Fort Scott 2	6,252,400	3,767,983	2,484,417	3,767,984	0
Garden City 1	5,678,100	5,678,100	0	4,446,347	4,674,003
Garden City 2	2,614,133	2,614,133	0	2,498,359	2,615,098
Garnett	1,230,000	1,200,768	29,232	1,128,815	1,124,315
Geary Co. RWD #4	383,965	383,965	0	383,965	241,729
Goessel	340,902	340,902	0	315,610	327,550
Goodland	2,500,000	2,467,135	32,865	1,992,727	2,092,382
Harper Co. RWD #2	549,064	549,064	0	549,064	0
Harvey Co. RWD #1	539,677	539,677	0	441,086	462,197
Herington	862,911	0	862,911	0	0
Hiawatha	1,374,044	480,941	893,103	397,585	457,119
Hillsboro	155,500	19,389	136,111	19,389	0
Holyrood	294,125	25,235	268,890	25,235	0
Hoyt	814,697	808,427	6,270	725,515	754,174
Hutchinson	2,508,271	1,406,292	1,101,979	1,267,704	1,297,672
Ingalls	203,347	155,466	47,881	151,114	101,595
Iola	10,000,000	10,000,000	0	10,000,000	5,664,384
Jackson Co. RWD #1	2,170,441	2,170,441	0	1,596,065	1,650,778
Jewell Co. RWD #1	550,300	34,750	515,550	34,750	0
Johnson Co. Consolidated RWD #6	1,239,437	1,239,437	0	968,155	1,016,252
Johnson Co. RWD #7	1,578,591	1,578,591	0	1,288,530	1,349,410
Johnson Co. RWD #7-2	635,642	635,642	0	635,642	640,272
Junction City	780,000	744,382	35,618	632,915	663,042
Kansas City Board of Public Utilities 1	12,308,750	5,077,750	7,231,000	4,713,097	2,280,506
Kansas City Board of Public Utilities 2	5,467,500	4,666,527	800,973	4,549,651	2,129,543
Kansas City Board of Public Utilities 3	9,000,000	0	9,000,000	0	0
Lawrence 1	7,000,000	6,169,389	830,611	5,625,375	5,898,217
Lawrence 2	5,620,015	5,561,006	59,009	5,232,627	5,244,263

3. LOANS (continued)

Project	2005 Total Loan Commitment	2005 Cumulative Amount Loaned	2005 Undisbursed Loan Commitment	2005 Outstanding Loan Balance	2004 Outstanding Loan Balance
Leavenworth Co. Consolidated					
RWD #1	\$2,964,361	\$2,964,361	\$0	\$2,380,150	\$2,498,393
Leavenworth Co. RWD #7	1,652,957	1,652,957	0	1,562,189	1,618,268
Leavenworth Co. RWD #9	809,347	809,347	0	0	0
Leavenworth Waterworks Board	6,972,442	6,972,442	0	6,830,502	1,722,442
Liberal	7,517,000	2,873,815	4,643,185	2,873,815	0
Logan	650,000	650,000	0	513,456	539,606
Long Island	188,741	188,741	0	175,096	181,695
Lyon Co. RWD #1	445,408	445,408	0	0	0
Maize	5,300,000	5,300,000	0	5,196,269	5,129,291
Marion Co. RWD #1	400,000	329,515	70,485	329,515	67,938
Marion Co. RWD #4	1,844,781	1,844,781	0	1,473,548	1,546,752
Marshall Co. RWD #3	575,465	575,465	0	209,226	385,061
Marshall Co. RWD #3-2	600,000	364,051	235,949	364,051	0
Marysville	301,747	301,747	0	283,850	293,898
McLouth	1,009,840	1,009,840	0	754,719	793,299
Medicine Lodge	587,533	587,533	0	535,792	561,218
Miami Co. RWD #2	5,515,053	5,515,053	0	4,514,523	4,729,660
Minneapolis	2,922,739	37,807	2,884,932	37,807	0
Ness City	1,150,000	4,830	1,145,170	4,830	0
New Strawn	1,269,789	1,269,789	0	1,152,973	1,195,458
Newton 1	2,086,456	2,086,456	0	1,609,178	1,692,560
Newton 2	1,400,000	1,231,922	168,078	1,146,635	1,201,632
North Newton	590,920	590,920	0	579,979	276,687
Olathe	20,000,000	8,415,992	11,584,008	8,415,992	0
Osage City	2,736,500	2,587,664	148,836	2,463,203	1,818,055
Osage Co. RWD #3	500,000	500,000	0	500,000	0
Osage Co. RWD #4	250,000	250,000	0	250,000	141,026
Osawatomie	902,250	901,481	769	815,451	847,431
Osborne	276,505	276,505	0	237,536	247,878
Overbrook	160,000	133,212	26,788	123,352	127,850
Parsons 1	9,200,000	9,200,000	0	7,124,295	7,425,804
Parsons 2	5,000,000	2,623,748	2,376,252	2,623,748	0
Phillipsburg	1,115,125	0	1,115,125	0	0
Pleasanton	650,000	126,858	523,142	126,858	0
Pottawatomie Co. RWD #3	479,215	479,215	0	456,662	480,398
Potwin	145,000	145,000	0	145,000	0
Public Wholesale Water Supply District #4-1	1,124,154	1,124,154	0	869,666	914,912
Public Wholesale Water Supply District #4-2	530,710	530,710	0	513,215	530,710
Public Wholesale Water Supply District #17	3,490,455	3,334,455	156,000	2,894,007	3,029,604
Ransom	695,204	0	695,204	0	0
Rush Center	67,736	67,736	0	0	0
Russell 1	1,675,000	1,675,000	0	1,302,653	1,364,998
Russell 2	6,200,000	0	6,200,000	0	0

3. LOANS (continued)

Project	2005 Total Loan Commitment	2005 Cumulative Amount Loaned	2005 Undisbursed Loan Commitment	2005 Outstanding Loan Balance	2004 Outstanding Loan Balance
Salina 1	\$3,600,000	\$3,600,000	\$0	\$2,961,063	\$3,099,503
Salina 2	5,000,000	5,000,000	0	4,657,203	4,829,251
Saline Co. RWD #4	33,803	33,803	0	0	0
Severy	143,624	143,624	0	122,169	127,413
Sharon Springs	642,481	499,973	142,508	458,340	486,116
Shawnee Co. RWD #1C	3,750,000	3,585,518	164,482	3,189,195	2,389,871
Shawnee Co. RWD #3	915,770	915,770	0	750,883	786,543
Spivey	78,000	78,000	0	49,911	54,727
Spring Hill	2,406,625	1,836,519	570,106	1,836,519	913,568
St. George	500,000	489,056	10,944	489,056	0
Sterling	663,203	488,614	174,589	429,076	459,454
Stockton	2,800,000	2,800,000	0	2,402,454	2,512,519
Strong City	346,700	289,172	57,528	266,344	123,628
Sylvan Grove	160,902	160,902	0	128,391	134,828
Topeka 1	9,440,167	0	9,440,167	0	0
Topeka 2	2,055,933	0	2,055,933	0	0
Ulysses	194,707	194,707	0	174,493	181,195
Valley Center	2,934,673	2,934,673	0	2,109,279	2,254,351
Wichita	7,220,000	7,220,000	0	6,356,320	6,606,965
Winfield 1	2,330,986	2,330,986	0	2,133,011	2,214,525
Winfield 2	6,205,000	5,640,000	565,000	5,640,000	1,977,889
Woodson Co. RWD #1	500,000	0	500,000	0	0
Totals	\$290,457,701	\$211,695,409	\$78,762,292	\$188,923,635	\$145,791,069

Each of the above municipalities has established a dedicated source of revenue for repayment of the loans. The dedicated sources of revenue are either an obligation of system revenues and ad valorem property taxes levied or a secured lien on the system revenues which requires a debt service coverage of 125% with a 10% reserve account or a debt service coverage of 140%.

4. LOAN RESERVE ACCOUNTS

Loan reserve accounts for thirty-four Rural Water Districts and 1 municipality total \$3,625,212 and \$3,331,032 as of June 30, 2005 and 2004, respectively, with earnings of \$38,729 and \$15,375. The balances are on deposit with the State Treasurer.

5. REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30:

	<u>2005</u>	<u>2004</u>
1997 Series 1 Revenue Bonds (State Match Bonds)	\$ 1,055,000	\$ 2,535,000
1997 Series 2 Revenue Bonds (Leveraged Bonds)	15,385,000	36,775,000
1998 Series 1 Revenue Bonds (State Match Bonds)	1,300,000	1,860,000
1998 Series 2 Revenue Bonds (Leveraged Bonds)	16,430,000	33,380,000
2000 Series 1 Revenue Bonds (State Match Bonds)	1,595,000	6,425,000
2000 Series 2 Revenue Bonds (Leveraged Bonds)	23,275,000	44,750,000
2002 Series 1 Revenue Bonds (State Match Bonds)	3,965,000	4,100,000
2002 Series 2 Revenue Bonds (Leveraged Bonds)	25,920,000	47,705,000
2004 Series 1 Revenue Bonds (State Match Bonds)	9,695,000	
2004 Series 2 Revenue Bonds (Leveraged Bonds)	166,315,000	
Total bonds payable	264,935,000	177,530,000
Unamortized net original issue premium	11,633,739	581,256
Current maturities	(7,045,000)	(6,370,000)
Long Term Revenue Bonds payable, net	<u>\$ 269,523,739</u>	<u>\$ 171,741,256</u>

Long-term liability activity for the year end June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Payable	\$177,530,000	\$176,010,000	\$(88,605,000)	\$264,935,000	\$7,045,000

The 1997 Series 1 Revenue Bonds (State Match Bonds), in the original amount of \$2,930,000, consist of serial bonds and a term bond totaling \$235,000 and \$820,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$115,000 to \$120,000 with final payment due April 1, 2007, and bear interest at rates ranging from 4.45% to 4.50% payable semi-annually. The term bond bears interest at 5.00% payable semi-annually, and is due April 1, 2020. Certain issues of the bonds may be redeemed prior to maturity in accordance with related bond indentures.

The 1997 Series 2 Revenue Bonds (Leveraged Bonds), in the original amount of \$42,490,000, consist of serial bonds and a term bond totaling \$6,165,000 and \$9,220,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$1,655,000 to \$2,785,000 with the final payment due on April 1, 2017, and bear interest at rates ranging from 4.40% to 5.00%, payable semi-annually. The term bond bears interest at 5.00% payable semi-annually, and is due on April 1, 2020.

5. REVENUE BONDS PAYABLE (continued)

The 1998 Series 1 Revenue Bonds (State Match Bonds), in the original amount of \$2,075,000, consist of serial bonds and two term bonds totaling \$250,000 and \$1,050,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$80,000 to \$85,000 with the final payment due April 1, 2008, and bear interest at rates ranging from 4.25% to 4.35%, payable semi-annually. The term bonds in the amounts \$610,000 and \$440,000 bear interest at 5.00% payable semi-annually, and are due April 1, 2018 and April 1, 2021, respectively. Certain issues of the bonds may be redeemed prior to maturity in accordance with related bond indentures.

The 1998 Series 2 Revenue Bonds (Leveraged Bonds), in the original amount of \$37,615,000, consist of serial bonds and a term bond totaling \$9,455,000 and \$6,975,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$1,385,000 to \$2,600,000 with the final payment due April 1, 2018, and bear interest at rates ranging from 4.15% to 4.75%, payable semi-annually. The term bond bears interest at 5.00%, payable semi-annually, and is due on April 1, 2021.

The 2000 Series 1 Revenue Bonds (State Match Bonds), in the original amount of \$6,640,000, consist of serial bonds totaling \$1,595,000 as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$235,000 to \$300,000 with final payment due April 1, 2011, and bear interest at rates ranging from 4.85% to 5.15% payable semi-annually. A portion of the Series 2004 bond proceeds was used to provide an amount required to refund the term bond of \$3,245,000.

The 2000 Series 2 Revenue Bonds (Leveraged Bonds), in the original amount of \$46,860,000, consist of serial bonds and two term bonds totaling \$10,415,000 and \$12,860,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$1,525,000 to \$1,960,000 with the final payment due on April 1, 2011, and bear interest at rates ranging from 5.00% to 5.25%, payable semi-annually. The term bond in the amount of \$6,560,000 bears interest at 5.50% payable semi-annually, and is due April 1, 2021. The \$6,300,000 term bond bears interest at 5.625% payable semi-annually, and is due April 1, 2023.

The 2002 Series 1 Revenue Bonds (State Match Bonds), in the original amount of \$4,100,000, consist of serial bonds and a term bond totaling \$3,090,000 and \$875,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$140,000 to \$265,000 with final payment due April 1, 2021, and bear interest at rates ranging from 4.00% to 5.00% payable semi-annually. The term bond bears interest at 5.00% payable semi-annually, and is due April 1, 2024.

The 2002 Series 2 Revenue Bonds (Leveraged Bonds), in the original amount of \$47,705,000, consist of serial bonds and a term bond totaling \$15,300,000 and \$10,620,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$1,530,000 to \$3,205,000 with the final payment due on April 1, 2021, and bear interest at rates ranging from 4.00% to 5.00%, payable semi-annually. The term bond in the amount of \$10,620,000 bears interest at 5.00% payable semi-annually, and is due April 1, 2024.

5. REVENUE BONDS PAYABLE (continued)

On September 29, 2004, the 2004 Revenue Bonds were issued in the amount of \$176,010,000 and consist of serial bonds and a term bond totaling \$164,740,000 and \$11,270,000, respectively, as of June 30, 2005. The serial bonds are due in annual principal payments ranging from \$380,000 to \$10,520,000 with the final payment due on April 1, 2024, and bear interest at rates ranging from 3.00% to 5.00%, payable semi-annually. The term bond in the amount of \$11,270,000 bears interest at 4.625% payable semi-annually, and is due April 1, 2026. The proceeds provided \$3,328,588 of state match loan funds and \$96,671,412 of leveraged loan funds for the program and an amount required to pay the costs of issuance. Proceeds were also used to partially refund \$82,235,000 of the 1997 Series 1 and 2 Bonds, 1998 Series 1 and 2 Bonds, 2000 Series 1 and 2 Bonds, and the 2002 Series 2 Bonds. An irrevocable escrow account with the Treasurer as escrow agent was established that will provide amounts sufficient for payment of principal and interest on the refunded bonds. Accordingly, the escrow account and the refunded bonds are not included in the Fund's statement of net assets. This advance refunding was undertaken to reduce the total debt service payments, including interest, over the life of the debt by \$3,842,625. The refunding results in an economic gain (difference between the present value of the debt service payments of the refunded and the refunding bonds) of \$6,012,500. At June 30, 2005, \$82,235,000 of bonds have been defeased and are no longer included in bonds outstanding.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$9,436,348. This difference will be reported in the accompanying financial statements as a deduction from bonds payable and will be charged to operations through the year 2012 using the straight-line method.

The State Match Bonds which include the 1997 Series 1, 1998 Series 1, 2000 Series 1, 2002 Series 1 and 2004 Series 1 Revenue Bonds are limited obligations of KDFA payable solely from the interest portion of loan repayments, investments earnings, and monies in the state match loan accounts. The Leveraged Bonds which include the 1997 Series 2, 1998 Series 2, 2000 Series 2, 2002 Series 2 and 2004 Series 2 Revenue Bonds are limited obligations of KDFA payable solely from loan repayments including principal repayments on all loans and interest not needed to repay the State Match Bonds, and monies in the leveraged loan and bond reserve accounts.

The Master bond indenture provides for the establishment of a debt service reserve fund, which is maintained and administered by KDFA. At June 30, 2005, the Fund was not in default of any provisions of the Master or Supplemental bond indentures.

5. REVENUE BONDS PAYABLE (continued)

Aggregate revenue bond debt service requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal Amount Due</u>	<u>Interest Amount Due</u>	<u>Total</u>
2006	\$ 7,045,000	\$ 12,672,763	\$ 19,717,763
2007	10,140,000	12,364,288	22,504,288
2008	10,515,000	11,933,230	22,448,230
2009	10,805,000	11,462,845	22,267,845
2010	11,210,000	10,989,195	22,199,195
2011 - 2015	65,985,000	46,487,901	112,472,901
2016 - 2020	80,325,000	29,134,232	109,459,232
2021 - 2025	65,490,000	9,434,912	74,924,912
2026	3,420,000	158,175	3,578,175
	<u>\$ 264,935,000</u>	<u>\$ 144,637,541</u>	<u>\$ 409,572,541</u>

Certain of the above bonds may be redeemed prior to maturity in accordance with related bond indentures.

The debt service payment in FY 2005 was \$6,370,000 for principal with a cumulative principal payment totaling \$19,255,000 and \$8,833,860 for interest with a cumulative interest payment totaling \$48,170,589.

6. ARBITRAGE REBATE

In accordance with Internal Revenue Code Section 148(f) relating to arbitrage restrictions on tax-exempt bonds, an arbitrage rebate payable in the amount of \$1,656,393 has been recorded. This liability is cumulative for the Series 1997, 1998, and 2000 bonds. There is currently no rebate liability for the 2002 and 2004 bonds. The portion of this pending rebate of excess investment earnings that is attributable to the Series 1997 bonds will be due in March, 2008 which is 60 days after the second five year anniversary of the bonds. The portion attributable to the Series 1998 bonds will be due in January, 2009 which is 60 days after the first five-year anniversary of the bonds. The portion attributable to the Series 2000 bonds is due in August, 2005, which is 60 days after the first five year anniversary of the bonds.

7. FEDERAL CAPITALIZATION GRANTS

Of the 1997 federal capitalization grant award of \$14,095,000, four percent (\$563,800) was allocated for administration as evidenced by the budget page of the grant award. Therefore, as administration funds were earned, fund equity was reduced and program administration grants revenue was recognized. Two percent (\$281,900) was allocated for technical assistance, 10 percent (\$1,409,500) was allocated for source water assessment, and \$485,000 was allocated for public water supply supervision grant. An amount of \$11,354,800 was reserved for the 1997 leveraged bond reserve fund.

On February 4, 2002, an amendment was processed that moved \$255,000 from source water assessment to public water supply supervision grant, and on March 24, 2004, an amendment moved \$422,071 from public water supply supervision grant to the leveraged bond reserve fund. The amended amount reserved \$1,154,500 for source water assessment, \$317,929 for public water supply supervision grant, and \$11,776,871 for the 1997 leveraged bond reserve fund.

As of June 30, 2005, the 1997 capitalization grant has been drawn down.

Of the 1998 federal capitalization grant award of \$10,008,100, four percent (\$400,324) was spent for administration as evidenced by the budget page of the grant award. Therefore, as administration funds were earned, fund equity was reduced and program administration grant revenue was recognized. Two percent (\$200,162) was reserved for technical assistance, and \$485,000 was reserved for public water supply supervision grant. An amount of \$8,922,614 was reserved for the 1998 leveraged bond reserve fund.

On March 25, 2004, an amendment was processed that moved \$485,000 from public water supply supervision grant to the leveraged bond reserve fund which increased the 1998 leveraged bond reserve amount to \$9,407,614 and left a zero balance for public water supply supervision grant.

As of June 30, 2004, the 1998 capitalization grant had been drawn down.

Of the 1999 federal capitalization grant award of \$10,489,400, four percent (\$419,576) was spent for administration as evidenced by the budget page of the grant award. Therefore, as administration funds were earned, fund equity was reduced and program administration grants revenue was recognized. Two percent (\$209,788) was reserved for technical assistance, and \$485,000 was reserved for public water supply supervision grant. An amount of \$9,375,036 was reserved for the 1999 leveraged bond reserve fund.

An amendment was processed on March 25, 2004, that moved \$485,000 from public water supply supervision grant to the leveraged bond reserve fund which increased the 1999 leveraged bond reserve amount to \$9,860,036 and left a zero balance for public water supply supervision grant.

As of June 30, 2004, the 1999 capitalization grant had been drawn down.

7. FEDERAL CAPITALIZATION GRANTS (continued)

Of the 2000 federal capitalization grant award of \$10,901,500, four percent (\$436,060) was allocated for administration as evidenced by the budget page of the grant award. Therefore, as administration funds were earned, fund equity was reduced and program administration grant revenue was recognized. Two percent (\$218,030) was reserved for technical assistance, and \$485,000 was reserved for public water supply supervision grant. An amount of \$9,762,410 was reserved for the 2000 leveraged bond reserve fund.

The 2000 grant was amended on March 25, 2004, transferring \$485,000 from public water supply supervision grant and \$145,717 from technical assistance to the leveraged bond reserve fund. The amended amount reserved \$10,393,127 for the 2000 leveraged bond reserve fund, \$72,313 for technical assistance, and left a zero balance for public water supply supervision grant.

As of June 30, 2005, the 2000 capitalization grant has been drawn down.

On July 2, 2001, an amendment reduced the 2001 capitalization grant of \$10,946,664 to \$10,946,600 and corrected the amounts for administration and technical assistance to equal four and two percent, respectively, as evidenced by the budget page of the grant award. The amendment reduced the amount for administration from \$438,832 to \$437,864. Therefore, as administration funds are earned, fund equity is reduced and program administration grant revenue is recognized. Technical assistance decreased from \$219,416 to \$218,932, and the public water supply supervision grant increased from \$460,864 to \$462,252. An amount of \$9,827,552 is reserved for the 2001 leveraged bond reserve fund.

The 2001 grant was amended on March 25, 2004, transferring \$360,000 from public water supply supervision grant/Capacity Development 1452G to Capacity Development 1452K (1)b. The amended amount reserved \$102,252 for Capacity Development 1452G and \$360,000 for 1452K (1)b.

As of June 30, 2005, \$289,124 of the 2001 capitalization grant had not been drawn down. The entire 2001 capitalization grant has met the State matching requirements and is available based on the grant payment schedule.

Of the 2002 federal capitalization grant award of \$9,234,700, four percent (\$369,388) will be spent for administration as evidenced by the budget page of the grant award. Therefore, as administration funds are earned, fund equity is reduced and program administration grant revenue is recognized. Two percent (\$184,694) has been reserved for technical assistance, and \$485,000 has been reserved for public water supply supervision grant. An amount of \$8,195,618 is reserved for the leveraged bond reserve fund.

The 2002 grant was amended on April 14, 2004, transferring \$255,000 from public water supply supervision grant/Capacity Development 1452G to Capacity Development 1452K (1)b. The amount reserved for Capacity Development 1452G is \$230,000, and \$255,000 reserved for 1452K (1)b.

7. FEDERAL CAPITALIZATION GRANTS (continued)

As of June 30, 2005, \$880,014 of the 2002 capitalization grant had not been drawn down. The entire 2002 capitalization grant has met the State matching requirements and is available based on the grant payment schedule.

Of the 2003 federal capitalization grant award of \$9,179,200, four percent (\$367,168) will be spent for administration as evidenced by the budget page of the grant award. Therefore, as administration funds are earned, fund equity is reduced and program administration grant revenue is recognized. An amount of \$8,812,032 is reserved for the leveraged bond reserve fund.

As of June 30, 2005, \$367,168 of the 2003 capitalization grant had not been drawn down. The entire 2003 capitalization grant has met the State matching requirements and is available based on the grant payment schedule.

Of the 2004 federal capitalization grant award of \$9,522,100, four percent (\$380,884) will be spent for administration as evidenced by the budget page of the grant award. Therefore, as administration funds are earned, fund equity is reduced and program administration grant revenue is recognized. An amount of \$9,141,216 is reserved for the leveraged bond reserve fund.

As of June 30, 2005, \$380,884 of the 2004 capitalization grant had not been drawn down. The entire 2004 capitalization grant has met the State matching requirements and is available based on the grant payment schedule.

7. FEDERAL CAPITALIZATION GRANTS (continued)

Federal capitalization grants awarded by the EPA through June 30, 2005 are as follows:

<u>Federal Fiscal Year</u>	<u>Reserve</u>	<u>Program Administration</u>	<u>Other Set-Asides</u>	<u>Total Grant</u>
1997 Grant Award	\$ 11,776,871	\$ 563,800	\$ 1,754,329	\$ 14,095,000
1998 Grant Award	9,407,614	400,324	200,162	10,008,100
1999 Grant Award	9,860,036	419,576	209,788	10,489,400
2000 Grant Award	10,393,127	436,060	72,313	10,901,500
2001 Grant Award	9,827,552	437,864	681,184	10,946,600
2002 Grant Award	8,195,618	369,388	669,694	9,234,700
2003 Grant Award	8,812,032	367,168	0	9,179,200
	<u>68,272,850</u>	<u>2,994,180</u>	<u>3,587,470</u>	<u>74,854,500</u>
Less Cumulative Amounts Drawn Down	(67,140,580)	(1,755,950)	(2,449,918)	(71,346,448)
	<u>1,132,270</u>	<u>1,238,230</u>	<u>1,137,552</u>	<u>3,508,052</u>
2004 Grant Award	9,141,216	380,884		9,522,100
Less Amounts Drawn Down in Fiscal Year 2005	(10,273,486)	(359,500)	(479,976)	(11,112,962)
Balance of Grants	<u>\$ 0</u>	<u>\$ 1,259,614</u>	<u>\$ 657,576</u>	<u>\$ 1,917,190</u>

As of June 30, 2005 and 2004, \$1,917,190 and \$3,508,052, respectively, of the capitalization grants had not been drawn down.

8. STATE CAPITAL CONTRIBUTIONS

On July 30, 1998, the Fund received a deposit of \$1,000,000 per K.S.A. 74-8203, as amended and supplemented. On July 30, 1999, the Fund received a deposit of \$4,000,000, which represents the balance of the anticipated State contribution. The State contribution is to be used to further leverage the program through the issuance of additional revenue bonds.

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Award Amount	Cumulative Federal Expenditures	2005 Federal Expenditures
U.S. Environmental Protection Agency (EPA): Kansas Department of Health and Environment - Drinking Water State Funds				
Capitalization Grant - 1997	66.468	\$ 14,095,000	\$ 14,095,000	\$ 15,674
Capitalization Grant - 1998	66.468	10,008,100	10,008,100	-
Capitalization Grant - 1999	66.468	10,489,400	10,489,400	-
Capitalization Grant - 2000	66.468	10,901,500	10,901,500	63,810
Capitalization Grant - 2001	66.468	10,946,600	10,657,476	600,924
Capitalization Grant - 2002	66.468	9,234,700	8,354,686	159,068
Capitalization Grant - 2003	66.468	9,179,200	8,812,032	1,132,270
Capitalization Grant - 2004	66.468	9,522,100	9,141,216	9,141,216
Total EPA			\$ 82,459,410	\$ 11,112,962

See notes to schedule of expenditures of federal awards

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2005

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Kansas Public Water Supply Loan Fund. The reporting entity is defined in Note 1 of the Fund's financial statements.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. Of the 2005 federal expenditures of \$11,112,962, \$43,191 represents amounts recorded as grant revenues but not drawn down.

3 - Relationship to Financial Statements

Federal award revenues are reported in the Fund's financial statements as follows:

Grant revenue	\$ 837,125
Capital Contributions	<u>10,273,486</u>
	<u>\$11,110,611</u>

KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Summary of independent auditors' results:

Type of report issued:

Financial Statements	Unqualified
Compliance for Major Programs	Unqualified

Internal control over financial reporting:

Material weaknesses identified:	None
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Reportable conditions identified that are not considered to be material weaknesses:	None reported
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Material noncompliance noted:	None
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Federal awards:

Internal control over major programs:

Material weaknesses identified	None
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Reportable conditions identified that are not considered to be material weaknesses	None reported
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Major Programs:	Capitalization grants for State Revolving Funds CFDA No. 66.468
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Findings to be reported:	None noted
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Dollar threshold between Type A and Type B programs:	\$ 300,000
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Low-risk auditee:	Yes
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KANSAS PUBLIC WATER SUPPLY LOAN FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2005

No Matters were Reported.



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To Mr. Roderick L. Bremby
Secretary of Kansas Department of Health and Environment and the
Board of Directors of the Kansas Development Finance Authority:

Compliance

We have audited the compliance of the Kansas Public Water Supply Loan Fund (the Fund) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June, 30, 2005. The Fund's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Fund's compliance with those requirements.

In our opinion, the Kansas Public Water Supply Loan Fund complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Kansas Public Water Supply Loan Fund is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Fund's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. Roderick L. Bremby
Secretary of Kansas Department of Health and Environment and the
Board of Directors of the Kansas Development Finance Authority:

We have audited the financial statements of the Kansas Public Water Supply Loan Fund (the Fund), an enterprise fund of the State of Kansas, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Kansas Department of Health and Environment, the Board of Directors of the Kansas Development Finance Authority, management of the Fund and the Environmental Protection Agency and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Gibbs & Houlik, L.C.

September 8, 2005

Berberich Trahan & Co., P.A.



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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Kansas Department of Health and Environment, the Board of Directors of the Kansas Development Finance Authority, management of the Fund and the Environmental Protection Agency and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.

September 8, 2005

Berberich Trahan & Co., P.A.